



**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, 2023, 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, 2023, 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.

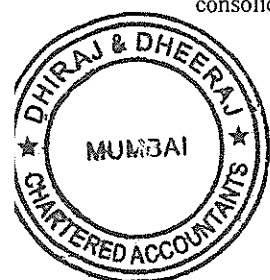
### Basis for Opinion

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.

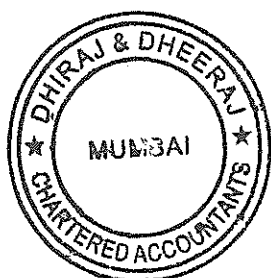
### Key Audit Matters

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, 2023. 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
<b>Impairment of financial instruments (expected credit losses)</b> <i>(as described in Note 5.4 and 55.D.1 of the consolidated financial statements)</i>	
<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"> <li>• Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);</li> <li>• Assigning internal rating grades to customers for which external rating is not available;</li> <li>• Calibrating external ratings-linked probability of default to align with past default rates;</li> <li>• Estimation of management overlay for macro-economic factors bearing a correlation with the credit quality of the Group's loan portfolio.</li> </ul>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Read and assessed the Group's accounting policy for impairment of financial assets and its compliance with Ind AS 109</li> <li>• 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.</li> <li>• We performed procedures to test the inputs used in the ECL computation, on a sample basis.</li> <li>• Tested assumptions used by the management in determining the overlay for macro-economic factors.</li> <li>• Tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets.</li> <li>• Assessed disclosures included in the consolidated financial statements in respect of expected credit losses.</li> </ul>
<b>Information technology (IT) systems and controls</b>	
<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</p>	<ul style="list-style-type: none"> <li>• The audit procedures those reported in the auditors report of a subsidiary company, comprised the following:  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;</li> <li>• Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting;</li> </ul>



Key audit matters	How our audit addressed the key audit matter
matter.	<ul style="list-style-type: none"> <li>• Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.</li> <li>• Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system.</li> <li>• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.</li> </ul>

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 be 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.

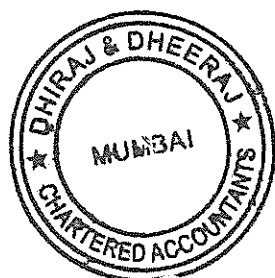
When we read the Board Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

#### 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.

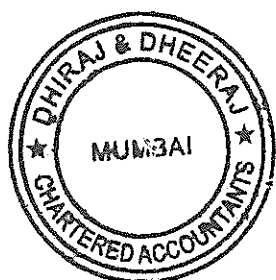
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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, 2023 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

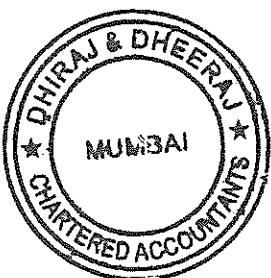
- (a) We did not audit the financial statements and other financial information, in respect of:
- 5 subsidiaries, whose financial statements include total assets of Rs 72986.43 million as at March 31, 2023 and total revenues of Rs.8226.27 million and net cash outflow of Rs 1781.85 million for the year 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 of Rs. 106.31 million for the period from April 1, 2022 to March 31, 2023, 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.

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

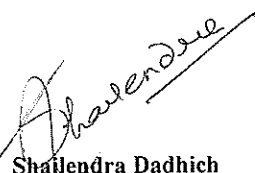
1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial 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, 2023 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, 2023 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, 2023 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



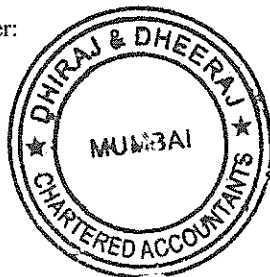
consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associate, as noted in the 'Other matter' paragraph:

- (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, 2023;
- 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 and Dheeraj  
Chartered Accountants  
ICAI Firm Registration Number:

  
Shalendra Dadhich  
Partner

Membership Number:  
UDIN: 23425098BGWWWF1435  
Place of Signature: Mumbai  
Date: 24<sup>th</sup> May, 2023



# Edel Finance Company Limited

Consolidated balance sheet as at 31 March 2023

(Currency: Indian rupees in millions)	Note	31-Mar-23	31-Mar-22
<b>ASSETS</b>			
<b>Financial assets</b>			
(a) Cash and cash equivalents	7	1,289.22	3,080.78
(b) Bank balances other than cash and cash equivalents	8	2,458.95	3,157.32
(c) Derivative financial instruments	9	-	17.16
(d) Stock in trade (Securities held for trading)	10	2,138.72	2,229.73
(e) Trade receivables	11	391.88	220.75
(f) Loans	12	41,687.17	41,863.55
(g) Investments	13	27,835.48	25,828.42
(h) Other financial assets	14	1,429.57	756.29
<b>Total financial assets</b>		<b>77,230.99</b>	<b>77,154.00</b>
<b>Non-financial assets</b>			
(a) Current tax assets (net)	15	2,232.13	2,020.39
(b) Deferred tax assets (net)	16	1,314.71	1,755.95
(c) Investment property	17	3,032.59	3,539.01
(d) Property, Plant and Equipment	18	2,218.98	2,429.91
(e) Intangible assets under development	19	12.40	17.35
(f) Goodwill on consolidation		146.82	146.82
(g) Other Intangible assets	18	66.32	14.04
(h) Other non- financial assets	20	478.15	433.38
<b>Total non-financial assets</b>		<b>9,502.10</b>	<b>10,356.85</b>
<b>TOTAL ASSETS</b>		<b>86,733.09</b>	<b>87,510.85</b>
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
(a) Derivative financial instruments	9	-	29.17
(b) Trade payables	21		
i. total outstanding dues of micro enterprises and small enterprises		8.47	7.30
ii. total outstanding dues of creditors other than micro enterprises and small enterprises		393.41	323.47
(c) Debt securities	22	40,067.29	32,706.46
(d) Borrowings (other than debt securities)	23	28,750.44	38,418.79
(e) Subordinated liabilities	24	1,070.13	2,876.19
(f) Other financial liabilities	25	12,391.47	9,680.97
<b>Total financial liabilities</b>		<b>82,681.21</b>	<b>84,042.35</b>
<b>Non-financial liabilities</b>			
(a) Current tax liabilities (net)	26	33.44	25.23
(b) Provisions	27	58.42	52.25
(c) Deferred tax liabilities (net)	16	43.59	71.81
(d) Other non-financial liabilities	28	135.52	116.96
<b>Total non-financial liabilities</b>		<b>270.97</b>	<b>266.25</b>
<b>TOTAL LIABILITIES</b>		<b>82,952.18</b>	<b>84,308.60</b>
<b>EQUITY</b>			
(a) Equity share capital	29	7,566.75	5,566.75
(b) Instruments entirely equity in nature	30	1,650.00	1,650.00
(c) Other equity	31	(6,176.38)	(4,772.47)
<b>Equity attributable to owners of the parent</b>		<b>3,040.37</b>	<b>2,444.28</b>
<b>Equity attributable to Non-Controlling Interests</b>		<b>740.54</b>	<b>757.97</b>
<b>TOTAL EQUITY</b>		<b>3,780.91</b>	<b>3,202.25</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>86,733.09</b>	<b>87,510.85</b>

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

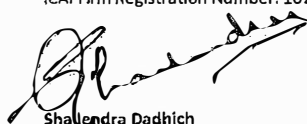
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As per our report of even date attached

For Dhiraj & Dheeraj

Chartered Accountants

ICAI Firm Registration Number: 102454W

  
Shalendra Dadhich

Partner


Membership No: 425098



For and on behalf of the Board of Directors

  
Aparna Suneja  
Executive Director & CFO  
DIN: 02797081

  
Vidya Shah  
Director  
DIN : 00274831

  
Tarun Khurana  
Company Secretary



Mumbai May 24, 2023

Mumbai May 24, 2023

**Edel Finance Company Limited**

**Consolidated Statement of Profit and Loss for the year ended 31 March 2023**

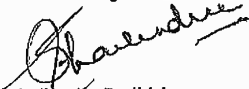
(Currency: Indian rupees in millions)	Note	For the year ended 31-Mar-23	For the year ended 31-Mar-22
<b>Revenue from operations</b>			
Interest income	32	5,999.69	8,952.61
Dividend income	33	4.12	-
Fee income	34	917.11	1,278.62
Net gain / (loss) on fair value changes	35	1,905.84	749.20
Other operating revenue	36	355.39	367.73
<b>Total revenue from operations</b>		<b>9,182.15</b>	<b>11,348.16</b>
Other income	37	899.34	1,899.48
<b>Total Income</b>		<b>10,081.49</b>	<b>13,247.64</b>
<b>Expenses</b>			
Finance costs	38	8,678.30	10,570.74
Impairment on financial instruments	39	(245.93)	526.82
Employee benefits expense	40	1,093.40	1,216.49
Depreciation and amortisation	18	366.14	401.11
Other expenses	41	1,576.10	1,564.76
<b>Total expenses</b>		<b>11,468.01</b>	<b>14,279.92</b>
<b>Profit / (loss) before share in profit of associates and tax</b>		<b>(1,386.52)</b>	<b>(1,032.28)</b>
Share in profit / (loss) of associates		(106.31)	(361.72)
<b>Profit / (Loss) before tax</b>		<b>(1,492.83)</b>	<b>(1,394.00)</b>
<b>Tax expenses:</b>	42		
Current tax		90.11	93.92
Deferred tax		413.84	(172.43)
<b>Profit / (Loss) for the year</b>		<b>(1,996.78)</b>	<b>(1,315.49)</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gain / (loss) on defined benefit plans (OCI)		(1.26)	(28.69)
Income tax - OCI - that will not be reclassified		0.66	9.93
<b>Total other comprehensive income / (loss)</b>		<b>(0.60)</b>	<b>(18.76)</b>
<b>Total comprehensive income / (loss)</b>		<b>(1,997.38)</b>	<b>(1,334.25)</b>
<b>Net Profit / (Loss) for the period attributable to:</b>			
Owners of the parent		(2,015.10)	(1,395.79)
Non controlling interests		18.32	80.30
<b>Other Comprehensive Income / (Loss) for the period attributable to:</b>			
Owners of the parent		(0.72)	(18.77)
Non controlling interests		0.12	0.01
<b>Total Comprehensive Income / (Loss) for the period attributable to:</b>			
Owners of the parent		(2,015.82)	(1,414.56)
Non controlling interests		18.44	80.31
<b>Earnings per share (Face value of ₹ 100 each)</b>	44		
- Basic (₹)		(27.84)	(19.34)
- Diluted (₹)		(27.84)	(19.34)

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

1 to 67

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

  
Ananya Suneja  
Executive Director & CFO  
DIN: 07297081

  
Vidya Shah  
Director  
DIN : 00274831

  
Tarun Khurana  
Company Secretary  
Mumbai May 24, 2023

Mumbai May 24, 2023





Edel Finance Company Limited

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

(Currency: Indian rupees in millions)

A. Equity Share Capital

Particulars	For the year ended 31-Mar-2023	For the year ended 31-Mar-2022
Balance at the beginning of the year	5,566.75	5,566.75
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current year	5,566.75	5,566.75
Changes in equity share capital during the year	2,000.00	-
Balance at the end of the year	7,566.75	5,566.75

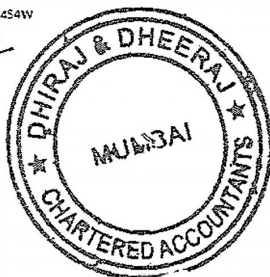
B. Other Equity

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, 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
Loss 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
Premium received on issue of equity shares	-	-	-	-	27.62	(27.62)	-	-	-	-	-	-	-
Transfer Under 29C NHB	-	-	-	94.93	-	(94.93)	-	-	-	-	-	-	-
Transfer Under 45 -IC RBI	-	-	-	-	-	1,239.24	-	-	(1,239.24)	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	45.40	-	-	-	(45.40)	-	-	-
Transfer from Revaluation reserve	-	-	-	-	-	27.52	-	-	-	-	426.25	27.52	-
Transfer to impairment reserve	-	-	-	-	-	(529.42)	-	-	-	-	-	(103.17)	(2,090.99)
Effect of changes in group's interest	-	-	-	-	-	-	-	-	-	-	-	-	-
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
Profit for the year	-	-	-	-	-	(2,015.10)	-	-	-	-	-	(2,015.10)	18.32
Other comprehensive loss	-	-	-	-	-	(0.72)	-	-	-	-	-	(0.72)	0.12
Total Comprehensive Income/(Loss) for the year	(3,596.26)	114.34	4,269.44	1,414.01	575.42	(12,023.81)	52.55	32.27	1,458.31	915.44	-	(6,788.29)	776.41
Transfer Under 29C NHB	-	-	-	-	32.13	(32.13)	-	-	-	-	-	-	-
Transfer Under 45 -IC RBI	-	-	-	130.81	-	(130.81)	-	-	-	-	-	-	-
Transfer to Debenture Redemption Reserve	-	-	-	-	-	1,239.24	-	-	(1,239.24)	-	-	-	-
Transfer from Revaluation reserve	-	-	-	-	-	51.12	-	-	-	(51.12)	-	-	-
Reversal on account of lapses of ESOP/SAR	-	-	-	-	-	27.52	-	-	-	-	-	27.52	-
Effect of changes in group's interest	-	-	-	-	-	584.39	-	-	-	-	-	584.39	(35.67)
Deemed distribution during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to impairment reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	(3,596.26)	114.34	4,269.44	1,544.82	607.55	(10,284.48)	52.55	32.27	219.07	864.32	-	(6,176.38)	740.54

As per our report of even date attached

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

*Shallendra Dadhich*  
Partner  
Membership No: 425098



For and on behalf of the Board of Directors

*Ananya Juneja*  
Executive Director & CFO  
DIN: 07297081

*Tarun Khurana*  
Company Secretary

Mumbai May 24, 2023

*Vidya Shah*  
Director  
DIN : 00274831

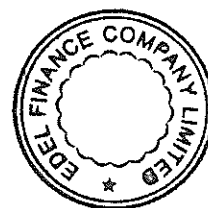
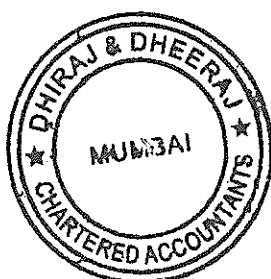


Mumbai May 24, 2023

**Edel Finance Company Limited**
**Consolidated Statement of Cash flows for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>A Cash flow from operating activities</b>		
Profit / (Loss) before tax	(1,492.83)	(1,394.00)
<b>Adjustments for:</b>		
Depreciation and amortisation	366.14	401.11
Profit on sale of investments	838.00	(1,771.83)
Impairment on financial instruments (net)	(245.92)	526.82
Fair value of financial instruments (net)	1,905.84	(749.20)
Provision for gratuity and compensated absences	3.38	(20.95)
Profit on sale of fixed assets (net)	-	(4.18)
<b>Operating cash flow before working capital changes</b>	<b>1,374.61</b>	<b>(3,012.23)</b>
<b>Adjustments for:</b>		
Decrease / (increase) in trade and other receivables	(487.47)	(222.84)
Decrease / (increase) in stock-in-trade	91.01	695.06
Decrease / (increase) in other financial assets	13.08	(1,164.17)
Decrease / (increase) in loans	738.64	29,984.26
Sale / (purchase) of Investments (net)	(4,750.90)	(5,223.44)
Decrease / (increase) in other non financial assets	(44.77)	137.69
Increase / (decrease) in trade payables	73.30	(237.69)
Increase / (decrease) in non financial liabilities	18.56	(322.34)
Increase / (decrease) in other financial liability	2,710.52	864.98
	<b>(263.42)</b>	<b>21,499.28</b>
Income taxes paid (net of refund)	(294.46)	(151.96)
<b>Net cash generated from operating activities - A</b>	<b>(557.88)</b>	<b>21,347.32</b>
<b>B Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment and intangible assets (Net)	303.87	127.73
<b>Net cash generated from investing activities - B</b>	<b>303.87</b>	<b>127.73</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Share capital	2,000.00	-
Proceeds / (repayment) from Debt securities (refer note 1 below)	7,360.83	(23,745.56)
Proceeds / (repayment) from Borrowings (other than debt securities) (refer note 1 below)	(9,668.35)	(3,605.09)
Proceeds / (repayment) from Subordinated Liabilities	(1,806.06)	158.56
Effect of change in group's interest	576.04	(2,194.16)
<b>Net cash used in financing activities - C</b>	<b>(1,537.55)</b>	<b>(29,386.25)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(1,791.56)</b>	<b>(7,911.20)</b>
Cash and cash equivalent as at the beginning of the year	3,080.78	10,991.98
Cash and cash equivalent as at the end of the year	1,289.22	3,080.78



**Edel Finance Company Limited**

**Consolidated Statement of Cash flows for the year ended March 31, 2023 (continued)**

**Notes:**

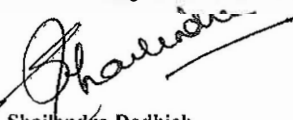
- 1 Cash receipts and payments for transaction with group companies in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows.
- 2 Above Cash Flow Statement has been prepared under indirect method 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 50 for disclosure relating to changes in liabilities arising from financing activities.

As per our report of even date attached

**For Dhiraj and Dheeraj**

Chartered Accountants

ICAI Firm Registration Number: 102454W



**Shailendra Dadhich**

Partner

Membership No: 425098



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



**Ananya Suneja**

Executive Director & CFO

DIN:07297081



**Vidya Shah**

Director

DIN : 00274831



**Tarun Khurana**

Company Secretary

Mumbai May 24, 2023



Mumbai May 24, 2023

**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 24 May 2023.

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:

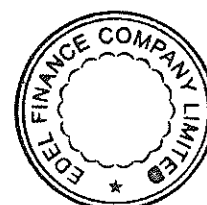
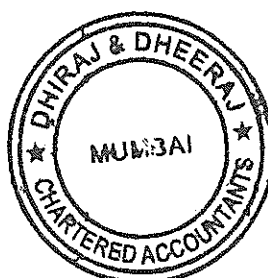
- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and or its counterparties

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 2023, comprise the financial statements of the Company and its subsidiaries as at 31 March 2023 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.

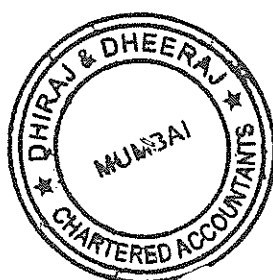
Consolidation procedure:

- 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.

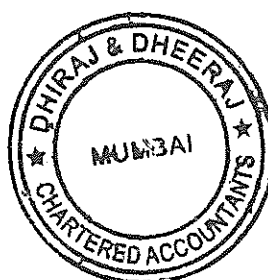
Penal interest income on delayed EMI or pre EMI is recognised on receipt basis.

**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.

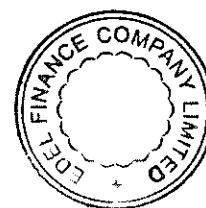
**5.1.15 High seas sale**

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**

### **5.2.1 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 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.

### **5.2.2 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.

### **5.2.3 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 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.

### **5.2.4 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)**

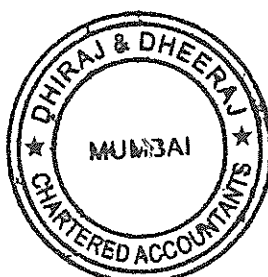
A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest 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**

### **5.3.1 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.

### **5.3.2 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.

### **5.3.3 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.

### **5.3.4 Financial liabilities**

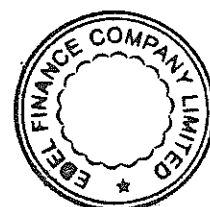
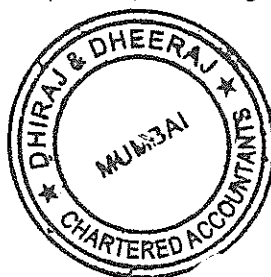
All financial liabilities are measured at amortised cost except loan commitments, financial guarantees, and derivative financial liabilities.

### **5.3.5 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.



### 5.3.6 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.

### 5.3.7 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.

### 5.3.8 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.

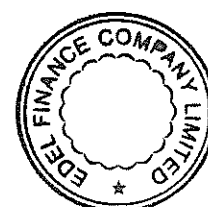
### 5.3.9 Financial liabilities and equity instruments

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.

### 5.3.10 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.



### 5.3.11 Derecognition of financial Instruments

#### 5.3.11.1 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.

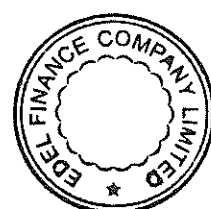
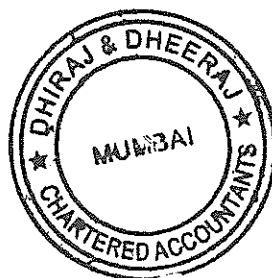
The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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

#### 5.3.11.2 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

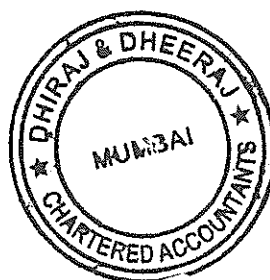
For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk (SICR) since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures 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

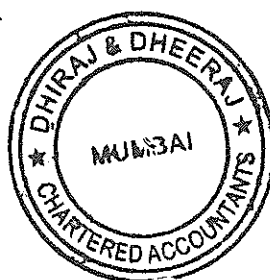
Compulsory Convertible Debentures/ Preference shares are separated into liability and equity components based on the terms of the contract. At the inception of the Compulsory Convertible Instruments, the following two elements will be separated:

- (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:

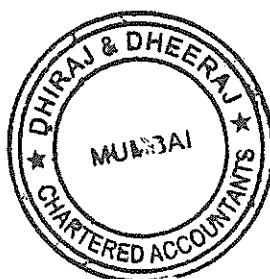
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

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**

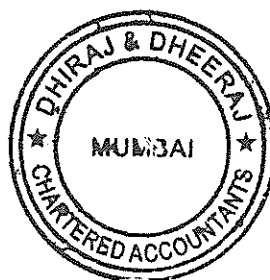
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments 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.

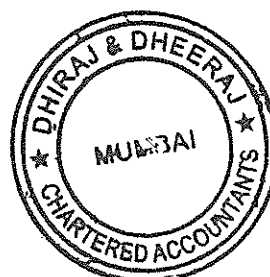
Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **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.

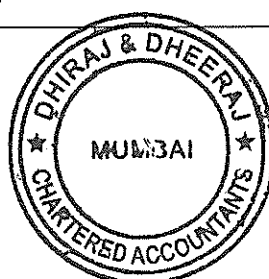
Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

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:

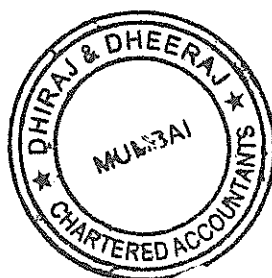
Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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.

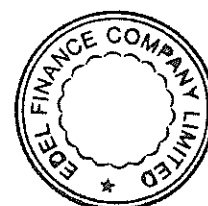
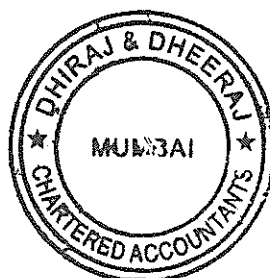
Deferred tax assets are also recognised with respect to carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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 reformatting 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 reformatting 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**

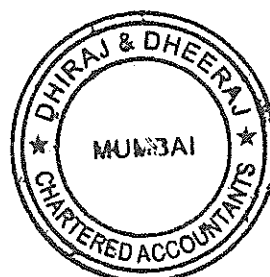
Properties, including those under construction, held to earn rentals and/or capital appreciation are classified as investment property and are measured and reported at cost, including transaction costs.

Depreciation is recognised using written down value 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 include 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.

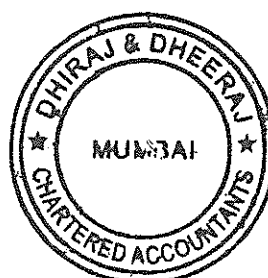
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current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

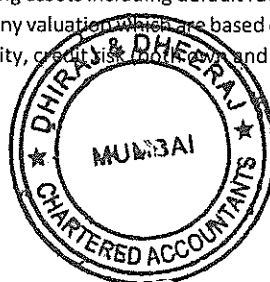
**6.2 Key sources of estimation uncertainty**

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 (including 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 in 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.

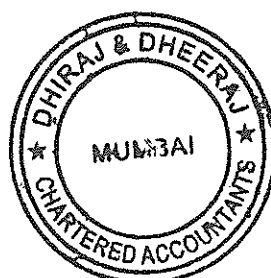
The Group has recognised deferred tax assets on carried forward tax losses with respect to certain subsidiaries where the Group believes that the said deferred tax assets shall be recoverable based on the estimated future taxable income which in turn is based on approved business plans and budgets. The 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:

The Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

**(i) Amendment to Ind AS 8 - Definition of Accounting Estimates**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The amendments are not expected to have a material impact on the Company's financial statements.

**(ii) Amendment to Ind AS 1- Disclosure of Accounting Policies**

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Consequential amendments have been made in Ind AS 107.

The company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**(iii) Amendment to Ind AS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Consequential amendments have been made in Ind AS 101.

The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023.

The company is currently assessing the impact of the amendments.





## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

#### 7. Cash and cash equivalents

Particulars	31-Mar-23	31-Mar-22
Cash in hand	-	0.01
Balances with banks		
- in current accounts	1,178.07	2,167.78
- in fixed deposits with original maturity less than 3 months *	111.15	912.99
<b>Total</b>	<b>1,289.22</b>	<b>3,080.78</b>

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

#### 8. Bank balances other than cash and cash equivalents

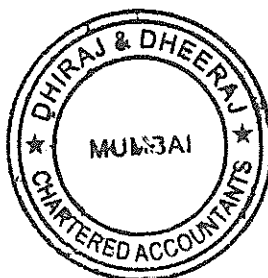
Particulars	31-Mar-23	31-Mar-22
Fixed deposits at amortised cost (refer Note 1 below)	2,430.22	2,491.84
Other bank balances (refer Note 2 below)	28.73	665.48
<b>Total</b>	<b>2,458.95</b>	<b>3,157.32</b>

##### Note 1:

- Pledged fixed deposit aggregating to ₹ 1,502.65 million (previous year ₹ 2,350.59 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 ₹ 4.00 million) with exchange to meet margin requirement
- Pledged fixed deposit aggregating to ₹ 65.84 million (previous year ₹ 73.65 million) with VAT, Sales Tax and Custom authorities.
- Pledged fixed deposit aggregating to ₹ 13.09 million (previous year ₹ 14.31 million) with agriculture produce market committee for obtaining Mandi license

##### Note 2:

- Bank Balance aggregating to ₹ 28.73 million (Previous year: ₹ 665.48 million) have been held in Escrow account is charged against debt securities



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 9. Derivative financial instruments

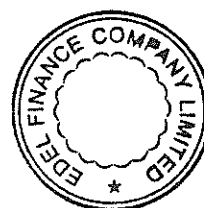
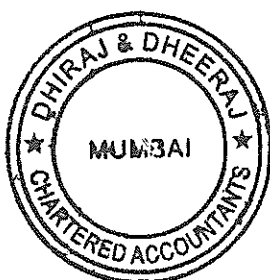
31-Mar-23	Notional amount (units)	Fair value of asset (₹)	Notional amount (units)	Fair value of liability (₹)
<b>(i) Currency derivatives</b>				
Currency Futures	1,093,000.00	89.97		
Less: amounts offset (refer note 9.A)	-	(89.97)		
		-		-
<b>(ii) Index linked derivatives</b>				
Index Futures				
Options purchased	-	-	-	-
Options sold (written)		-	-	-
Less: amounts offset (refer note 9.A)		-		-
<b>Subtotal (i)</b>		-		-
<b>(ii) Equity linked derivatives</b>				
Stock Futures	-	-	-	-
Less: amounts offset (refer note 9.A)		-		-
<b>Subtotal (ii)</b>		-		-
<b>Total</b>		-		-

31-Mar-22	Notional amount (units)	Fair value of asset (₹)	Notional amount (units)	Fair value of liability (₹)
<b>(i) Index linked derivatives</b>				
Index Futures				
Options purchased	330,750.00	17.16	-	-
Options sold (written)		-	177,050	29.17
Less: amounts offset (refer note 9.A)		-		-
<b>Subtotal (i)</b>		17.16		29.17
<b>(ii) Equity linked derivatives</b>				
Stock Futures	-	-	-	-
Less: amounts offset (refer note 9.A)		-		-
<b>Subtotal (ii)</b>		-		-
<b>Total</b>		17.16		29.17

#### 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 2023 (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 2023:

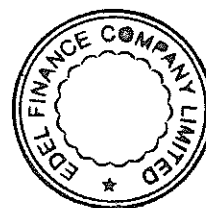
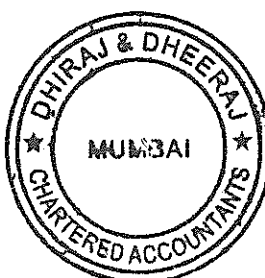
Financial assets subject to offsetting	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial 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	89.97	(89.97)	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-

##### 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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

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

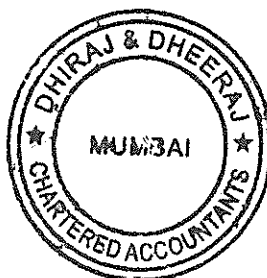
Particulars	31-Mar-23	31-Mar-22
Debt Securities	2,021.08	2,229.73
Mutual Fund	117.64	-
<b>Total</b>	<b>2,138.72</b>	<b>2,229.73</b>
Investments in India	2,138.72	2,229.73
Investments outside India	-	-
<b>Total</b>	<b>2,138.72</b>	<b>2,229.73</b>

Note:

a. Debt securities amounting to ₹ 1,869.79 million (Previous year: ₹ 1,301.86 million) is charged against debt securities borrowing.

#### 11. Trade receivables

Particulars	31-Mar-23	31-Mar-22
<b>Trade receivables</b>		
Receivables considered good - secured	-	-
Receivables considered good - unsecured	392.44	223.14
Receivables which have significant increase in credit risk	6.52	3.80
Receivables - credit impaired	362.75	386.78
<b>Gross Receivables</b>	<b>761.71</b>	<b>613.72</b>
Allowance for expected credit losses - Receivables considered good - Unsecured	(0.56)	(2.39)
Allowance for expected credit losses - Receivables which have significant increase in credit risk	(6.52)	(3.80)
Allowance for expected credit losses - Credit impaired	(362.75)	(386.78)
<b>Total receivables net of provision</b>	<b>391.88</b>	<b>220.75</b>



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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, 2023						
(i) Undisputed Trade receivables – considered good-Gross	392.44	-	-	-	-	392.44
(ii) Undisputed Trade Receivables – which have significant increase in credit risk-Gross	-	-	6.52	-	-	6.52
(iii) Undisputed Trade Receivables – credit impaired-Gross	1.52	-	4.86	12.31	344.06	362.75
Gross receivables (A)	393.96	-	11.38	12.31	344.06	761.71
(i) Undisputed Trade receivables – considered good-ECL	(0.56)	-	-	-	-	(0.56)
(ii) Undisputed Trade Receivables – which have significant increase in credit risk-ECL	-	-	(6.52)	-	-	(6.52)
(iii) Undisputed Trade Receivables – credit impaired-ECL	(1.52)	-	(4.86)	(12.31)	(344.06)	(362.75)
Total ECL provision on receivables (B)	(2.08)	-	(11.38)	(12.31)	(344.06)	(369.83)
Total receivables net of provision = (A)+(B)	391.88	-	-	-	-	391.88
As at March 31, 2022						
Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(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

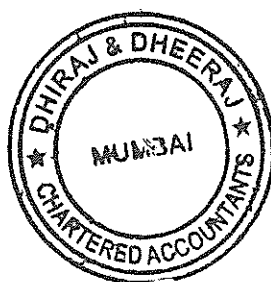
There are no unbilled or not due trade receivables as at 31 March 2023 and 31 March 2022.

#### 11.2. Reconciliation of impairment allowance on trade receivables:

Particulars	As at March 31, 2023	As at March 31, 2022
Impairment allowance measured as per simplified approach		
Impairment allowance - opening balance	392.97	438.85
Add/ (less): asset originated or acquired (net)	(23.14)	(45.88)
Impairment allowance - closing balance	369.83	392.97

#### 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.



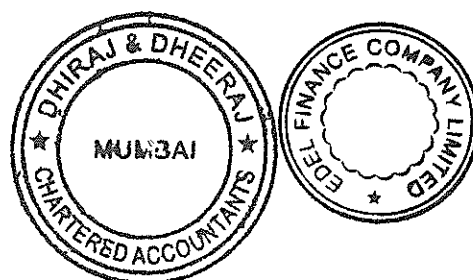
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 12. Loans

Particulars	31 March 2023			31 March 2022		
	at amortised cost	at FVTPL	Total	at amortised cost	at FVTPL	Total
<b>A Term Loans</b>						
Corporate and Retail Credit	47,085.67	2,645.09	49,730.76	41,822.51	3,361.82	45,184.33
<b>Total gross (A)</b>	<b>47,085.67</b>	<b>2,645.09</b>	<b>49,730.76</b>	<b>41,822.51</b>	<b>3,361.82</b>	<b>45,184.33</b>
Less: Impairment loss allowance	(8,043.59)	-	(8,043.59)	(3,320.78)	-	(3,320.78)
<b>Total (Net) (A)</b>	<b>39,042.08</b>	<b>2,645.09</b>	<b>41,687.17</b>	<b>38,501.73</b>	<b>3,361.82</b>	<b>41,863.55</b>
<b>B Collateral :</b>						
Secured by tangible assets	29,241.43	425.88	29,667.31	35,289.37	3,361.82	38,651.19
Unsecured	17,844.24	2,219.21	20,063.45	6,533.14	-	6,533.14
<b>Total gross (B)</b>	<b>47,085.67</b>	<b>2,645.09</b>	<b>49,730.76</b>	<b>41,822.51</b>	<b>3,361.82</b>	<b>45,184.33</b>
Less: Impairment loss allowance	(8,043.59)	-	(8,043.59)	(3,320.78)	-	(3,320.78)
<b>Total (Net) (B)</b>	<b>39,042.08</b>	<b>2,645.09</b>	<b>41,687.17</b>	<b>38,501.73</b>	<b>3,361.82</b>	<b>41,863.55</b>
<b>C Loans in India</b>						
Public sector	-	-	-	-	-	-
Others	47,085.67	2,645.09	49,730.76	41,822.51	3,361.82	45,184.33
<b>Total gross (C)</b>	<b>47,085.67</b>	<b>2,645.09</b>	<b>49,730.76</b>	<b>41,822.51</b>	<b>3,361.82</b>	<b>45,184.33</b>
Less: Impairment loss allowance	(8,043.59)	-	(8,043.59)	(3,320.78)	-	(3,320.78)
<b>Total (Net) (C) (I)</b>	<b>39,042.08</b>	<b>2,645.09</b>	<b>41,687.17</b>	<b>38,501.73</b>	<b>3,361.82</b>	<b>41,863.55</b>
<b>Loans outside India</b>	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-
<b>Total (Net) (C) (II)</b>	-	-	-	-	-	-
<b>Total (C) (I) and (C) (II)</b>	<b>39,042.08</b>	<b>2,645.09</b>	<b>41,687.17</b>	<b>38,501.73</b>	<b>3,361.82</b>	<b>41,863.55</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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, 2023				As at March 31, 2022			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
<b>Performing</b>								
High grade	35,471.90	-	-	35,471.90	33,243.65	-	-	33,243.65
Standard grade	-	3,420.74	-	3,420.74	-	5,440.81	-	5,440.81
<b>Non-Performing</b>								
Impaired	-	-	8,193.03	8,193.03	-	-	3,138.05	3,138.05
<b>Total</b>	<b>35,471.90</b>	<b>3,420.74</b>	<b>8,193.03</b>	<b>47,085.67</b>	<b>33,243.65</b>	<b>5,440.81</b>	<b>3,138.05</b>	<b>41,822.51</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 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.

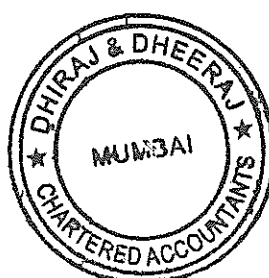
The 'New assets originated /repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Group's lending portfolio.

##### 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 2022	33,243.65	302.25	5,440.81	475.71	3,138.05	2,542.82	41,822.51	3,320.78
Transfers:								
Transfers to 12 Month ECL (Stage 1)	(253.08)	54.48	(561.24)	(28.17)	(168.83)	(26.31)	(983.15)	-
Transfers to lifetime ECL (Stage 2)	(820.78)	(5.05)	906.13	18.29	(85.35)	(13.24)	-	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(319.33)	(1.60)	(388.07)	(30.11)	707.40	31.71	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	(50.39)	-	30.65	-	52.64	-	32.90
Net new and further lending/(repayments) (including write-off) and sale to ARC / AIF	3,622.43	0.00	(1,971.78)	(220.10)	4,625.56	4,921.97	6,276.21	4,701.87
Amounts written off	(0.99)	(0.08)	(5.11)	(3.07)	(23.80)	(8.81)	(29.90)	(11.96)
Balance as at 31 March 2023	35,471.90	299.61	3,420.74	243.20	8,193.03	7,500.78	47,085.67	8,043.59

##### 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	-	-
Net re-measurement of ECL arising from transfer of stage	-	(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



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 13. Investments

	Amortised cost	Through OCI	FVTPL	At Cost (Associates & Others)	Total
<b>31-Mar-23</b>					
Equity Instruments	-	-	4,103.26	6,045.51	10,148.77
Debt Securities	-	-	2,858.62	-	2,858.62
Preference Shares	-	-	-	858.92	858.92
Security Receipt	-	-	2,155.73	-	2,155.73
Warrant	-	-	-	-	-
Units of AIF	-	-	3,667.28	-	3,667.28
Mutual Fund	-	-	127.34	-	127.34
Others	502.37	-	-	3.16	505.53
Investment in compulsory convertible instruments and put CCPS CCDS	1,000.10	-	-	6,600.00	7,600.10
<b>Total</b>	<b>1,502.47</b>	<b>-</b>	<b>12,912.23</b>	<b>13,507.59</b>	<b>27,922.29</b>
(i) Investments outside India	-	-	-	-	-
(ii) Investment in India	1,502.47	-	12,912.23	13,507.59	27,922.29
<b>Total</b>	<b>1,502.47</b>	<b>-</b>	<b>12,912.23</b>	<b>13,507.59</b>	<b>27,922.29</b>
Less: Allowance for impairment	-	-	(86.81)	-	(86.81)
<b>Total</b>	<b>1,502.47</b>	<b>-</b>	<b>12,825.42</b>	<b>13,507.59</b>	<b>27,835.48</b>
<b>31-Mar-22</b>					
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
Mutual Fund	-	-	-	-	-
Others	-	-	-	4.14	4.14
<b>Total</b>	<b>2,126.26</b>	<b>-</b>	<b>11,122.11</b>	<b>12,784.46</b>	<b>26,032.83</b>
(i) Investments outside India	-	-	-	-	-
(ii) Investment in India	2,126.26	-	11,122.11	12,784.46	26,032.83
<b>Total</b>	<b>2,126.26</b>	<b>-</b>	<b>11,122.11</b>	<b>12,784.46</b>	<b>26,032.83</b>
Less: Allowance for impairment	(5.67)	-	(198.74)	-	(204.41)
<b>Total</b>	<b>2,120.59</b>	<b>-</b>	<b>10,923.37</b>	<b>12,784.46</b>	<b>25,828.42</b>

#### 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-23

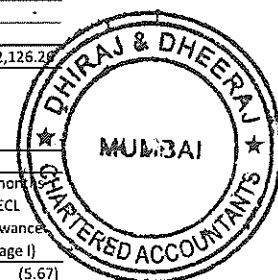
Particulars	Gross carrying amount (Stage I)	Gross carrying amount (Stage II)	Gross carrying amount (Stage III)	Gross carrying amount Total
Performing	1,502.47	-	-	1,502.47
High grade	-	-	-	-
<b>Total</b>	<b>1,502.47</b>	<b>-</b>	<b>-</b>	<b>1,502.47</b>

#### 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	-	-	-	-
<b>Total</b>	<b>2,126.26</b>	<b>-</b>	<b>-</b>	<b>2,126.26</b>

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

	31-Mar-23		31-Mar-22	
Particulars	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	1,502.47	-	-	-
Unwinding of discount (recognised in interest income)	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-
Assets derecognised or matured	(2,126.26)	5.67	-	-
<b>Closing balance</b>	<b>1,502.47</b>	<b>-</b>	<b>2,126.26</b>	<b>(5.67)</b>





## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

#### 14. Other financial assets

Particulars	31-Mar-23	31-Mar-22
Deposits placed with/ for exchange/ depositories	14.42	13.36
Deposits- others	72.34	41.36
Rental deposits	5.19	4.34
Margin placed with broker	1.23	7.97
Advances recoverable in cash or in kind or for value to be received	1,335.72	688.64
Others	0.67	0.62
<b>Total</b>	<b>1,429.57</b>	<b>756.29</b>

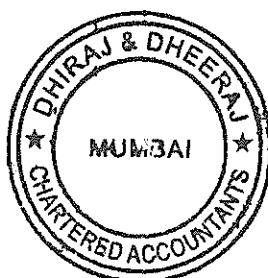
#### 15. Current tax assets (net)

Particulars	31-Mar-23	31-Mar-22
Advance income taxes (Net of provision for tax )	2,232.13	2,020.39
<b>Total</b>	<b>2,232.13</b>	<b>2,020.39</b>

#### 16. Deferred tax assets and liabilities

Deferred tax assets	31-Mar-23	31-Mar-22
Provision for expected credit losses	696.39	869.33
Unused tax losses / credits	1,810.62	1,569.33
Employee benefits obligations	2.26	2.26
Fair valuation of Financial Assets	(638.59)	(47.40)
Property, Plant and Equipment and Intangible assets	(508.12)	(530.28)
Adjustment of effective interest rate on Borrowings	(47.85)	(107.29)
<b>Total</b>	<b>1,314.71</b>	<b>1,755.95</b>

Deferred tax liabilities	31-Mar-23	31-Mar-22
Provision for expected credit losses	(116.32)	(122.77)
Employee benefits obligations	(9.60)	(11.02)
Fair valuation of Financial Assets	35.62	78.00
Property, Plant and Equipment and Intangible assets	124.20	16.66
Adjustment of effective interest rate on Borrowings	7.36	9.92
Special Reserve u/s 36(1)(viii)	2.33	101.02
<b>Total</b>	<b>43.59</b>	<b>71.81</b>



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 17. Investment property

Particulars	Investment Property		
	Land	Real Estate	Total
as at April 1, 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
Additions	-	44.06	44.06
Disposals	-	(438.74)	(438.74)
as at March 31, 2023	137.43	4,182.92	4,320.35
<b>Depreciation and amortisation:</b>			
as at April 1, 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
Impairment charge/ (reversals) for the year	-	-	-
Depreciation/amortisation for the year	-	111.74	111.74
Disposals	-	-	-
as at March 31, 2023	-	1,287.76	1,287.76
<b>Net Book Value</b>			
As at March 31, 2022	137.43	3,401.58	3,539.01
As at March 31, 2023	137.43	2,895.16	3,032.59

### Fair value of investment properties

Property	31-Mar-23	31-Mar-22
Land	137.43	137.43
Real estate property	8,421.48	9,151.16
<b>Total</b>	<b>8,558.91</b>	<b>9,288.59</b>



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

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

Particulars	Property, plant and equipment										Intangible Assets		
	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	Goodwill	Total
as at April 1, 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	3,268.45
Additions	117.47	-	51.96	2.63	-	8.92	0.93	1.35	0.72	8.92	183.98	10.90	194.88
Disposals	-	-	(11.31)	(2.12)	(3.60)	-	(0.93)	(5.98)	(31.58)	(54.88)	(120.28)	(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	3,342.11
Additions	-	-	33.34	2.12	-	-	1.37	-	3.72	10.16	50.71	63.13	113.84
Disposals	-	-	(8.10)	(0.05)	-	-	(0.83)	(1.41)	(23.25)	(86.65)	(120.29)	(9.10)	(129.39)
as at March 31, 2023	2,329.67	164.23	354.33	20.80	0.50	62.05	78.78	1.88	49.76	80.89	3,142.89	183.67	3,326.56
<b>Depreciation :</b>													
as at April 1, 2021	173.04	-	184.98	10.70	1.97	33.87	42.86	5.36	71.96	163.26	638.10	102.51	740.61
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	255.77
Disposals	-	-	(0.93)	(1.99)	(1.82)	-	(8.89)	(4.78)	(28.59)	(50.27)	(97.27)	(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	898.16
Depreciation/amortisation for the year	181.19	-	30.97	3.39	0.03	4.14	7.91	1.30	7.18	10.64	246.75	7.65	254.40
Disposals	-	-	(0.38)	(0.05)	-	-	(0.54)	(0.97)	(22.59)	(80.87)	(105.40)	(5.90)	(111.30)
as at March 31, 2023	465.95	-	245.24	16.46	0.34	43.34	52.41	1.79	39.32	59.06	923.91	117.35	1,041.26
<b>Net Book Value</b>													
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	2,443.95
As at March 31, 2023	1,863.72	164.23	109.09	4.34	0.16	18.71	26.37	0.09	10.44	21.83	2,218.98	66.32	2,285.30

\*Pledged against issuance of NCDs and Corporate Guarantee.

# During FY 2021-22, the Edelweiss Rural & Corporate Services Limited (ERCSL), subsidiary of the Company had paid additional Floor Space Index (FSI) charges amounting to ₹ 351.50 million to Municipal Corporation of Greater Mumbai (MCGM) for floor's owned by Company in Edelweiss House. This amount was capitalized and depreciation amounting to ₹ 149.50 million had been charged in FY2021-22. Awaiting approval from MCGM, during the year ended March 31, 2023, ERCSL has recorded accelerated depreciation on the remaining book value of ₹ 227.00 million.



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

#### 19. Intangible Assets Under Development

##### a Intangible assets under development aging schedule

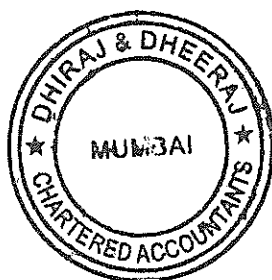
As at 31 March 2023

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	12.40	-	-	-	12.40
<b>Total</b>	<b>12.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.40</b>

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
<b>Total</b>	<b>13.13</b>	<b>4.22</b>	<b>-</b>	<b>-</b>	<b>17.35</b>

- 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 2023 (Continued)**

(Currency: Indian rupees in millions)

**20. Other non-financial assets**

Particulars	31-Mar-23	31-Mar-22
Input tax credit	329.84	274.46
Prepaid expenses	45.96	61.87
Vendor Advances	49.46	50.78
Advances to employees	4.19	4.36
Deposits	18.83	18.83
Others	29.67	23.08
<b>Total</b>	<b>478.15</b>	<b>433.38</b>

**21. Trade Payables**

Particulars	31-Mar-23	31-Mar-22
Total outstanding dues of micro enterprises and small enterprises (MSME)	8.47	7.30
Total outstanding dues to creditors other than micro enterprises and small enterprises	393.41	323.47
<b>Total</b>	<b>401.88</b>	<b>330.77</b>

**21.A Details of dues to micro and small enterprises**

Trade Payables includes ₹ 8.47 million (Previous Year ₹ 7.30 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 ₹ NIL million (Previous year: ₹ 0.05 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, 2023		Outstanding for following periods from due date of payment					Total
Particulars	Unbilled	Not due	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
(i) MSME	0.30	-	8.17	-	-	-	8.47
(ii) Others	22.53	-	365.28	2.60	0.74	2.26	393.41
<b>Total</b>	<b>22.83</b>	<b>-</b>	<b>373.45</b>	<b>2.60</b>	<b>0.74</b>	<b>2.26</b>	<b>401.88</b>

As at March 31, 2022		Outstanding for following periods from due date of payment					Total
Particulars	Unbilled	Not due	Less than 1 year	1-2 years	2-3 Years	More than 3 years	
(i) MSME	-	-	7.30	-	-	-	7.30
(ii) Others	16.61	-	303.64	0.81	1.76	0.65	323.47
<b>Total</b>	<b>16.61</b>	<b>-</b>	<b>310.94</b>	<b>0.81</b>	<b>1.76</b>	<b>0.65</b>	<b>330.77</b>

**22. Debt securities**

Particulars	31-Mar-23	31-Mar-22
<b>At amortised cost</b>		
<b>Secured</b>		
Non-convertible redeemable debentures	21,789.44	20,913.72
<b>Unsecured</b>		
Non-convertible redeemable debentures	11,378.02	6,773.74
Commercial Paper	6,899.83	5,019.00
<b>Total (refer Note below)</b>	<b>40,067.29</b>	<b>32,706.46</b>
Debt Securities in India	40,067.29	32,706.46
Debt Securities outside India	-	-
<b>Total</b>	<b>40,067.29</b>	<b>32,706.46</b>

**Note:**

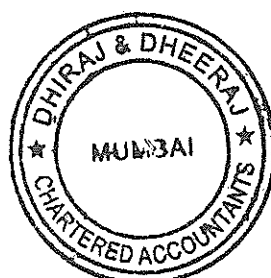
For secured debt, the Group has provided collateral in the nature of Pari Passu charge of immovable property, receivable from financing business, securities held for trading, investments, property (excluding intangible assets) and other assets.

**Debt Securities as at March 31, 2023**

Maturities	<1 Years	1-3 Years	>3 Years	Total
<b>Rate of Interest</b>				
8.00 - 8.99%	1,070.00	815.12	-	1,885.12
9.00 - 9.99%	5,939.74	4,756.17	6,295.93	16,991.84
10.00 - 10.99%	-	5,144.18	7,838.17	12,982.35
Zero Coupon Debentures	-	-	-	-
Various (benchmark linked)	1,974.40	3,390.05	2,106.15	7,470.60
Accrued Interest and EIR	-	-	-	737.38
<b>Total</b>	<b>8,984.14</b>	<b>14,105.52</b>	<b>16,240.25</b>	<b>40,067.29</b>

**Debt Securities as at March 31, 2022**

Maturities	<1 Years	1-3 Years	>3 Years	Total
<b>Rate of Interest</b>				
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
<b>Total</b>	<b>18,315.94</b>	<b>398.36</b>	<b>13,992.16</b>	<b>32,706.46</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

#### 23. Borrowings (other than debt securities)

Particulars	31-Mar-23	31-Mar-22
At amortised cost		
<b>Secured</b>		
Term Loans		
- From Banks	9,049.91	11,897.48
- National Housing Bank	917.05	1,324.40
<b>Bank Overdraft</b>	-	943.88
[Secured by charge on receivable from financing business and fixed deposit]		
Bank overdraft is in nature of Committed Cash Credit Lines repayable on demand.		
<b>Working Capital demand loan (WCCL)</b>	-	1,200.00
[Secured by charge on receivable from financing business]		
<b>Unsecured</b>		
Loan and advances from related parties		
(Interest rate 11.00% to 14.50%) (PY 11.00% to 13.00%)	18,783.48	23,053.03
	28,750.44	38,418.79
Borrowings in India	28,750.44	38,418.79
Borrowings outside India	-	-
<b>Total</b>	<b>28,750.44</b>	<b>38,418.79</b>

Following is the repayment terms of term loans:

#### Term loans from Banks - Secured as at 31 March 2023

Maturities	<1 Years	1-3 Years	>3 Years	Total
Rate of Interest				
7.00 - 7.99%	451.00	-	-	451.00
8.00 - 8.99%	554.10	547.25	187.50	1,288.85
9.00 - 9.99%	1,838.88	2,526.04	993.53	5,358.45
10.00 - 10.99%	2,081.78	-	-	2,081.78
Accrued Interest and EIR	-	-	-	(130.17)
<b>Total</b>	<b>4,925.76</b>	<b>3,073.29</b>	<b>1,181.03</b>	<b>9,049.91</b>

#### Term loans from Banks - Secured as at 31 March 2022

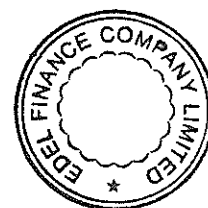
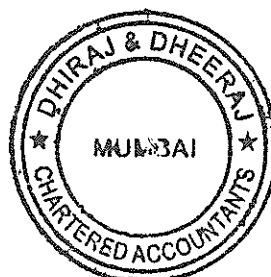
Maturities	<1 Years	1-3 Years	>3 Years	Total
Rate of Interest				
7.00 - 7.99%	443.88	538.85	-	982.73
8.00 - 8.99%	4,059.87	4,675.12	-	8,734.99
10.00 - 10.99%	1,565.99	677.64	-	2,243.63
Accrued Interest and EIR	-	-	-	(63.87)
<b>Total</b>	<b>6,069.74</b>	<b>5,891.61</b>	<b>-</b>	<b>11,897.48</b>

#### Term loans from Others - Secured as at 31 March 2023 (NHB)

Maturities	<1 Years	1-3 Years	>3 Years	Total
Rate of Interest				
4.00 - 4.99%	159.04	157.32	-	316.36
5.00 - 5.99%	-	-	-	-
6.00 - 6.99%	5.80	3.85	-	9.65
7.00 - 7.99%	-	-	-	-
8.00 - 8.99%	132.78	255.35	202.91	591.04
9.00 - 9.99%	-	-	-	-
<b>Total</b>	<b>297.62</b>	<b>416.52</b>	<b>202.91</b>	<b>917.05</b>

#### 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%	-	-	-	-
<b>Total</b>	<b>245.91</b>	<b>614.17</b>	<b>464.32</b>	<b>1,324.40</b>



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 24. Subordinated Liabilities (at amortised cost)

Unsecured	31-Mar-23	31-Mar-22
Non- convertible subordinated debt	643.03	641.68
Preference share capital	427.10	2,234.51
<b>Total</b>	<b>1,070.13</b>	<b>2,876.19</b>
Subordinated liabilities in India	1,070.13	2,876.19
Subordinated liabilities outside India	-	-
<b>Total</b>	<b>1,070.13</b>	<b>2,876.19</b>

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

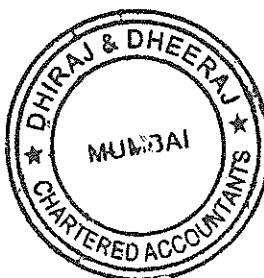
Terms and condition related to subordinated liabilities:

#### Subordinated Liabilities – March 31, 2023

Maturities	<1 Years	1-3 Years	>3 Years	Total
<b>Rate of Interest</b>				
7.00 - 7.99%	-	-	-	-
9.00 - 9.99%	-	-	20.00	20.00
10.00 - 10.99%	-	481.91	-	481.91
11.00 - 11.99%	-	150.00	-	150.00
14.00 - 14.99%	-	-	386.68	386.68
Zero Coupon Debentures	-	-	20.42	20.42
Various (benchmark linked)	-	-	-	-
Accrued Interest and EIR	-	-	-	11.12
<b>Total</b>	<b>-</b>	<b>631.91</b>	<b>427.10</b>	<b>1,070.13</b>

#### Subordinated Liabilities – March 31, 2022

Maturities	<1 Years	1-3 Years	>3 Years	Total
<b>Rate of Interest</b>				
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	-	-	-	19.75
<b>Total</b>	<b>-</b>	<b>2,706.44</b>	<b>150.00</b>	<b>2,876.19</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

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

Particulars	31-Mar-23	31-Mar-22
Bank overdraft	-	44.18
Payable to employees	58.62	93.52
Lease liabilities	134.24	142.39
Payable on account of securitisation	10,817.12	8,112.68
Financial liability associated to financial assets that are not derecognised	-	736.20
Other Liabilities	1,381.49	552.00
<b>Total</b>	<b>12,391.47</b>	<b>9,680.97</b>

**26. Current tax liabilities (net)**

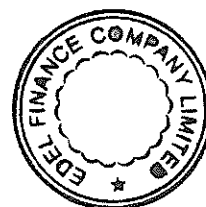
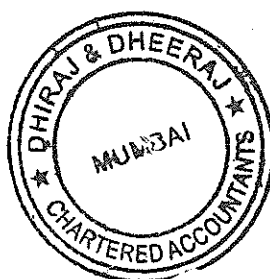
Particulars	31-Mar-23	31-Mar-22
Provision for taxation (Net of advance tax)	33.44	25.23
<b>Total</b>	<b>33.44</b>	<b>25.23</b>

**27. Provisions**

Particulars	31-Mar-23	31-Mar-22
Provision for employee benefits		
Gratuity	35.77	36.57
Compensated leave absences	10.95	15.29
Others	11.70	0.39
<b>Total</b>	<b>58.42</b>	<b>52.25</b>

**28. Other non-financial liabilities**

Particulars	31-Mar-23	31-Mar-22
Statutory liabilities	67.27	52.57
Income received in advance	23.06	5.66
Others	45.19	58.73
<b>Total</b>	<b>135.52</b>	<b>116.96</b>





# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 29. Equity share capital

Particulars	As at 31-Mar-2023		As at 31-Mar-2022	
	No. of shares	Amount	No. of shares	Amount
<b>Authorised :</b>				
Equity Shares of ₹ 100 each	228,500,000	22,850.00	228,500,000	22,850.00
Preference shares of ₹ 100 each	50,000,000	5,000.00	50,000,000	5,000.00
	<b>278,500,000</b>	<b>27,850.00</b>	<b>278,500,000</b>	<b>27,850.00</b>
<b>Issued, Subscribed and Paid up:</b>				
Equity Shares of ₹ 100 each	75,667,388	7,566.75	55,667,388	5,566.75
<b>Total</b>	<b>75,667,388</b>	<b>7,566.75</b>	<b>55,667,388</b>	<b>5,566.75</b>

### 29.A Reconciliation of number of shares

Particulars	As at 31-Mar-2023		As at 31-Mar-2022	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	55,667,388	5,566.75	55,667,388	5,566.75
Additional equity shares issued during the year	20,000,000	2,000.00	-	-
Outstanding at the end of the year	<b>75,667,388</b>	<b>7,566.75</b>	<b>55,667,388</b>	<b>5,566.75</b>

### 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-2023		As at 31-Mar-2022	
	No. of shares	% holding	No. of shares	% holding
<b>Holding company</b>				
Edelweiss Financial Services Limited (EFSL)*	75,667,388	100.00%	55,667,388	100.00%
<b>Total</b>	<b>75,667,388</b>	<b>100.00%</b>	<b>55,667,388</b>	<b>100.00%</b>

\* including 6 shares held by Nominees of EFSL

### 29.D Details of shares held by promoters in the Company

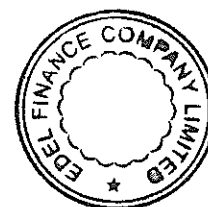
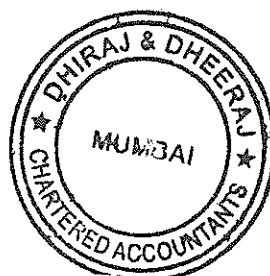
#### As at March 31, 2023

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	20,000,000	75,667,388	100.00%	-
<b>Total</b>	<b>55,667,388</b>	<b>20,000,000</b>	<b>75,667,388</b>	<b>100.00%</b>	<b>-</b>

#### 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%	-
<b>Total</b>	<b>55,667,388</b>	<b>-</b>	<b>55,667,388</b>	<b>100.00%</b>	<b>-</b>

\* including 6 shares held by Nominees of EFSL



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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-2023		As at 31-Mar-2022	
	No. of shares	% holding	No. of shares	% holding
Edelweiss Financial Services Limited*	75,667,388	100.00%	55,667,388	100.00%
<b>Total</b>	<b>75,667,388</b>	<b>100.00%</b>	<b>55,667,388</b>	<b>100.00%</b>

\* 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-2023		As at 31-Mar-2022	
	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/-)	16,500,000	1,650.00	16,500,000	1,650.00
<b>Total</b>	<b>16,500,000</b>	<b>1,650.00</b>	<b>16,500,000</b>	<b>1,650.00</b>

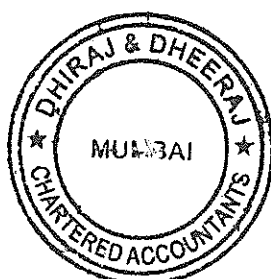
##### 30.A Reconciliation of number of shares

Particulars	As at 31-Mar-2023		As at 31-Mar-2022	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	16,500,000	1,650.00	16,500,000	1,650.00
Additional shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>16,500,000</b>	<b>1,650.00</b>	<b>16,500,000</b>	<b>1,650.00</b>

#### Terms of Compulsory Convertible Preference Shares ("CCPS")

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

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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

#### 31. Other Equity

Particulars	31-Mar-23	31-Mar-22
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	1,544.82	1,414.01
Statutory Reserve under Section 29C of the Reserve Bank of India Act, 1934	607.55	575.42
Retained earnings	(10,284.48)	(10,007.99)
Deemed capital contribution - Equity	52.55	52.55
Debenture Redemption Reserve	219.07	1,458.31
Revaluation Reserve through other comprehensive income	864.32	915.44
Impairment reserve	32.27	32.27
<b>Total</b>	<b>(6,176.38)</b>	<b>(4,772.47)</b>

##### 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

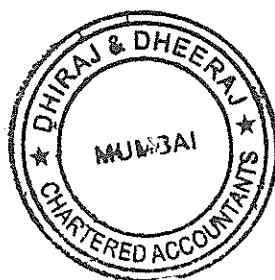
In terms of Section 29C of the National Housing Bank Act, 1987 every housing finance institution which is a company is required to create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the profit and loss account before any dividend 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 2023 (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

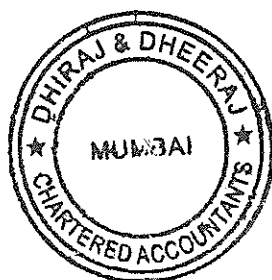
Group has decided to change to revaluation model from cost model of accounting for a class of asset. Similarly, group entities have also changed their existing model for Flats and building to align with the Group policy.

##### 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 2023 (Continued)

(Currency: Indian rupees in millions)

### 32. Interest Income

Particulars	2022-23	2021-22
on financial assets measured at amortised cost		
Interest on loans	5,101.04	6,820.40
Interest income from Investments	(4.26)	1,199.15
Interest on fixed deposits with banks	119.43	171.89
Other interest Income	91.45	45.89
on financial assets measured at fair value through profit or loss		
Interest on loans	221.32	519.28
Interest income from Investments	470.71	196.00
<b>Total</b>	<b>5,999.69</b>	<b>8,952.61</b>

### 33. Dividend Income

Particulars	2022-23	2021-22
Dividend on Investment	4.12	-
<b>Total</b>	<b>4.12</b>	<b>-</b>

### 34. Fee and commission income

Particulars	2022-23	2021-22
Advisory and other fees Income	917.11	1,278.62
<b>Total</b>	<b>917.11</b>	<b>1,278.62</b>

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

Particulars	2022-23	2021-22
Service transferred at a point in time	205.66	594.51
Service transferred over time	711.45	684.11
<b>Total revenue from contract with customers</b>	<b>917.11</b>	<b>1,278.62</b>

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

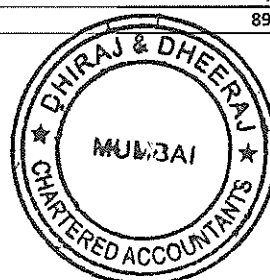
Particulars	2022-23	2021-22
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
<b>On trading portfolio</b>		
<b>Investment at FVTPL</b>		
On investments and securities held for trading	1,522.93	779.72
On trading of securities (net)	27.97	(671.20)
On Sale of debt instruments	0.10	(10.36)
On security receipts	(4.65)	(2.82)
<b>Derivatives at FVTPL</b>		
On derivatives financial instrument	50.17	31.23
<b>Others</b>		
Other financial instruments	309.33	622.63
<b>Total Net gain/(loss) on fair value changes</b>	<b>1,905.84</b>	<b>749.20</b>
<b>Fair value changes</b>		
Realised	1,199.73	72.72
Unrealised	706.11	676.48
<b>Total</b>	<b>1,905.84</b>	<b>749.20</b>

### 36. Other operating income

Particulars	2022-23	2021-22
Warehouse charges	-	54.68
Rental income	355.39	313.05
<b>Total</b>	<b>355.39</b>	<b>367.73</b>

### 37. Other income

Particulars	2022-23	2021-22
Profit / (loss) on sale of investments	838.00	1,771.83
Interest on Income Tax Refund	15.51	62.78
Profit on sale of property, plant and equipment and tangible assets (net)	-	4.17
Miscellaneous income	45.83	60.70
<b>Total</b>	<b>899.34</b>	<b>1,899.48</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

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

Particulars	2022-23	2021-22
Interest on borrowings other than debt securities	4,223.05	4,420.82
Interest on debt securities	3,212.47	5,249.32
Interest on subordinated liabilities	265.35	72.77
Other Interest Expense	977.43	827.83
<b>Total</b>	<b>8,678.30</b>	<b>10,570.74</b>

**39. Impairment on financial instruments**

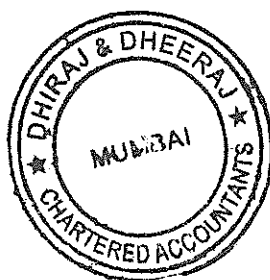
Particulars	2022-23	2021-22
On loans	(999.07)	494.27
On investments	510.13	-
On trade receivables	243.01	32.55
<b>Total</b>	<b>(245.93)</b>	<b>526.82</b>

**40. Employee benefits expense**

Particulars	2022-23	2021-22
Salaries and wages	950.83	1,104.78
Contribution to provident and other funds	53.75	54.13
Expense on Employee Stock Option Scheme (ESOP) and SAR (refer note below)	7.23	13.36
Staff welfare expenses	72.36	44.22
Gratuity Expenses (Refer Note No.48 )	9.23	-
<b>Total</b>	<b>1,093.40</b>	<b>1,216.49</b>

**Notes:**

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



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

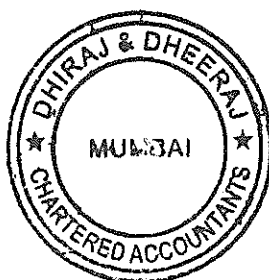
(Currency: Indian rupees in millions)

### 41. Other expenses

Particulars	2022-23	2021-22
Advertisement and business promotion	8.74	4.52
Auditors' remuneration (refer note 41.A)	16.45	21.06
Commission and brokerage	4.08	16.59
Communication expenses	27.07	23.93
Computer expenses	236.60	218.84
Miscellaneous expenses	69.53	44.88
Contribution towards Corporate Social responsibility	5.72	7.60
Directors' sitting fees	3.86	2.26
Dematerialisation charges	2.30	15.00
Electricity charges	41.14	9.92
Insurance	2.44	9.57
Legal and professional fees	679.29	691.16
License fees	-	11.14
Loan origination costs amortised	70.00	112.69
Loss / (Gain) on sale of property, plant and equipments (net)	8.48	-
Office expenses	95.33	90.06
Rates and taxes	216.17	85.55
Rent	5.57	80.26
Repairs and maintenance	14.17	10.39
Stamp duty	20.97	13.98
Security transaction tax	5.07	3.95
Transportation and Freight Expenses	42.70	36.41
Warehousing charges	0.42	55.00
<b>Total</b>	<b>1,576.10</b>	<b>1,564.76</b>

### 41.A Auditors' remuneration:

Particulars	2022-23	2021-22
Audit fees	13.57	9.91
Tax Audit	-	0.04
Limited Review	1.65	7.00
Certification	1.02	3.99
Reimbursement of expenses	0.21	0.12
<b>Total</b>	<b>16.45</b>	<b>21.06</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

#### 42 Income tax

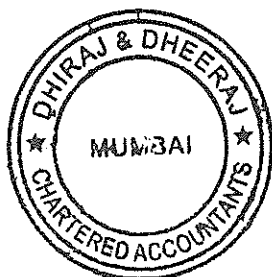
The components of income tax expense recognised in profit or loss for the years ended March 31, 2023 and March 31, 2022 are:

Particulars	2022-23	2021-22
Current tax	84.58	105.79
Adjustment in respect of current income tax of prior years	5.53	(11.87)
Deferred tax relating to origination and reversal of temporary differences	413.84	(3.66)
Deferred tax relating to unused tax losses and unused tax credits (including write-downs) (net)	-	(168.77)
<b>Total tax expense</b>	<b>503.95</b>	<b>(78.51)</b>
<b>Total current tax</b>	<b>90.11</b>	<b>93.92</b>
<b>Total deferred tax</b>	<b>413.84</b>	<b>(172.43)</b>

#### 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	2022-23	2021-22
Profit / (Loss) before tax	(1,386.52)	(1,032.28)
Tax rate	25.17%	25.17%
Income tax expense calculated based on above tax rate	(348.96)	(259.80)
Adjustment in respect of income tax of prior years	5.53	(11.87)
Write down / reversal of write down of deferred tax assets on unused tax credits and unused tax losses (net)	215.46	(74.47)
Effect of non-recognition of deferred tax asset on current-period losses	805.71	497.64
Effect of recognition of deferred tax asset on prior period losses - earlier not recognised	-	(168.77)
Different tax rates of subsidiaries	(171.49)	(80.22)
Others	(2.30)	18.98
<b>Tax expense recognised in profit or loss</b>	<b>503.95</b>	<b>(78.51)</b>





## Edel Finance Company Limited

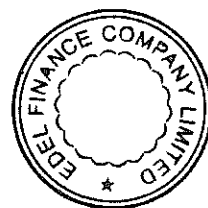
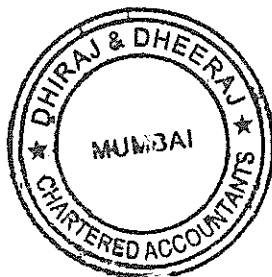
### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

#### 43. Components of deferred tax

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

	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)
31 March 2023							
Provision for expected credit losses	992.10	(264.17)	-	-	-	(264.17)	727.93
Unused tax losses / credits	1,569.33	241.27	-	-	-	241.27	1,810.60
Employee benefits obligations	13.28	(2.08)	0.66	-	-	(1.42)	11.86
Fair valuation of Financial Assets	(125.40)	(456.39)	-	-	0.16	(456.23)	(581.63)
Property, Plant and Equipment and Intangible assets	(546.94)	4.26	-	-	-	4.26	(542.68)
Adjustment of effective interest rate on Borrowings	(117.21)	68.91	-	-	-	68.91	(48.30)
Special Reserve u/s 36(1)(viii)	(101.02)	(5.64)	-	-	-	(5.64)	(106.66)
Total	1,684.14	(413.84)	0.66	-	0.16	(413.02)	1,271.12
31 March 2022							
Provision for expected credit losses	1023.75	(31.65)	-	-	-	(31.65)	992.10
Unused tax losses / credits	1400.56	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)
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	1501.93	172.43	9.93	-	(0.15)	182.21	1,684.14



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

#### 43. Components of deferred tax (Continued)

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

As at March 31, 2023

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	
			Amount	Expiry year - financial year	Amount	Expiry year - financial year	Amount	Expiry year - financial year
2015-16	-	-	0.12	No Expiry	-	-	222.29	2023-24
2016-17	-	-	0.82	No Expiry	-	-	72.25	2024-25
2017-18	-	-	0.71	No Expiry	-	-	74.50	2025-26
2018-19	-	-	0.73	No Expiry	-	-	27.06	2026-27
2019-20	1,693.36	Not Applicable	2.80	No Expiry	-	-	1,380.17	2027-28
2020-21	9,937.35	Not Applicable	1.73	No Expiry	936.18	2028-29	2,471.38	2028-29
2021-22	140.55	Not Applicable	153.90	No Expiry	-	-	1,789.86	2029-30
2022-23	856.00	Not Applicable	2.27	No Expiry	-	-	2,636.34	2030-31
<b>Total</b>	<b>12,627.26</b>		<b>163.08</b>		<b>936.18</b>		<b>8,673.85</b>	

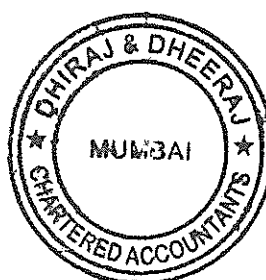
As at March 31, 2022

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	
			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
2016-17	-	-	0.82	No Expiry	-	-	66.02	2024-25
2017-18	-	-	0.71	No Expiry	-	-	49.29	2025-26
2018-19	-	-	0.73	No Expiry	-	-	25.77	2026-27
2019-20	1,693.36	Not Applicable	2.80	No Expiry	-	-	1,382.26	2027-28
2020-21	9,937.35	Not Applicable	1.76	No Expiry	936.18	2028-29	2,468.99	2028-29
2021-22	140.55	Not Applicable	0.20	No Expiry	-	-	2,152.96	2029-30
<b>Total</b>	<b>11,771.26</b>		<b>7.89</b>		<b>936.18</b>		<b>6,367.60</b>	

#### 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	2022-23	2021-22
Profit/(loss) for the year attributable to owners of the parent	(2,015.10)	(1,395.79)
Weighted average number of shares		
- Number of equity shares outstanding at the beginning of the year	55,667,388	55,667,388
- Number of equity shares issued during the year	20,000,000	-
Total number of equity shares outstanding at the end of the year	75,667,388	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 (based on the date of issue of shares)	72,386,566	72,167,388
Weighted average number of diluted equity shares outstanding during the year	72,386,566	72,167,388
Adjusted net profit for diluted EPS	(2,015.10)	(1,395.79)
Basic earnings per share (₹)	(27.84)	(19.34)
Diluted earnings per share (₹)	(27.84)	(19.34)



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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.

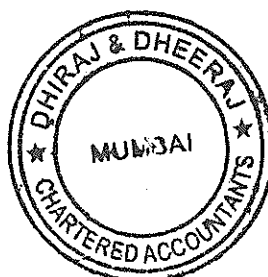
##### Secondary Segment

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-23	31-Mar-22
I Segment Revenue*			
	Capital based business	9,860.42	6,715.65
	Financing business	-	5,482.66
	Treasury management	99.21	662.77
	Unallocated	15.55	24.84
	Total Income	9,975.18	12,885.92
II Segment Results (Profit/(loss) before tax)			
	Capital based business	(1,127.61)	(1,856.94)
	Financing business	-	542.24
	Treasury management	(379.07)	(104.15)
	Unallocated	13.85	24.85
	Profit / (Loss) before taxation	(1,492.83)	(1,394.00)
III Segment Assets			
	Capital based business	83,171.18	39,909.50
	Financing business	-	40,840.17
	Treasury management	678.17	3,890.48
	Unallocated	2,883.74	2,870.70
	Total assets	86,733.09	87,510.85
IV Segment Liabilities			
	Capital based business	82,725.62	49,043.30
	Financing business	-	31,792.22
	Treasury management	156.96	3,473.08
	Unallocated	69.60	-
	Total liabilities	82,952.18	84,308.60

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



## Edel Finance Company Limited

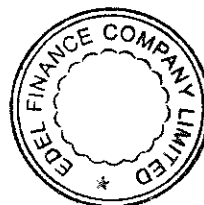
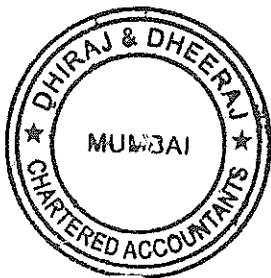
### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(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	2022-23	2021-22
<b>Securitisations</b>		
Carrying amount of transferred assets (held as Collateral)	11,144.33	7,862.64
Carrying amount of associated liabilities	10,832.69	7,804.87
Fair value of assets	11,406.76	8,481.31
Fair value of associated liabilities	10,832.69	7,804.87
<b>Net position at fair value</b>	<b>574.07</b>	<b>676.44</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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.

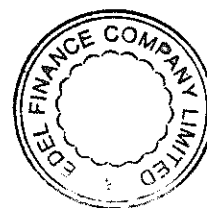
Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests held by non-controlling interests - Mar 2023	Proportion of ownership interests held by non-controlling interests - Mar 2022	Profit/ (loss) allocated to non- controlling interests	
				31-Mar-23	31-Mar-22
Allium Finance Private Limited	India	26.24%	29.03%	10.29	73.41
Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)( NHFL)	India	5.00%	5.00%	8.15	6.91

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-Mar-23	31-Mar-22
Financial assets	1,305.26	1,255.86
Non-financial assets	6.08	17.72
Financial liabilities	0.36	0.53
Non-financial liabilities	2.63	1.42
Equity attributable to owners of the company	965.03	902.48
Non-controlling interest	343.31	369.15

Particulars	For the year ended	For the year ended
	31-Mar-23	31-Mar-22
Revenue from operations	58.35	343.57
Total income	58.37	343.57
Total expenses	(4.47)	3.13
Profit / (loss) before tax	62.84	340.44
Tax expense	26.14	87.60
Profit / (loss) for the year	36.70	252.84
Total comprehensive income / (loss)	36.70	252.86
Profit / (loss) for the year attributable to owners of the parent	26.41	179.45
Profit / (loss) for the year attributable non-controlling interests	10.29	73.41
Cash flows (used) / generated from operating activities	(18.38)	912.96
Cash flows (used) / generated from investing activities	20.52	(913.33)
Cash flows (used) / generated from financing activities	-	-
Net cash inflow/(outflow)	2.14	(0.37)

Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)( NHFL)	As at	As at
	31-Mar-23	31-Mar-22
Financial assets	37,319.47	39,213.42
Non-financial assets	542.91	353.17
Financial liabilities	29,763.68	31,626.27
Non-financial liabilities	154.02	164.00
Equity attributable to owners of the company	7,547.45	7,387.50
Non-controlling interest	397.23	388.82



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

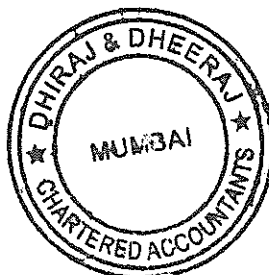
(Currency : Indian rupees in millions)

#### 47. Disclosure of interest in other entities (Continued)

Particulars	For the year ended 31-Mar-23	For the year ended 31-Mar-22
Revenue from operations	4,414.62	5,120.16
Total income	4,446.85	5,139.10
Total expenses	4,238.78	4,937.28
Profit / (loss) before tax	208.07	201.82
Tax expense	47.44	63.75
Profit / (loss) for the year	160.63	138.07
Total comprehensive income / (loss)	162.99	138.16
Profit / (loss) for the year attributable to owners of the parent	154.84	131.25
Profit / (loss) for the year attributable non-controlling interests	8.15	6.91
Cash flows (used) / generated from operating activities	(533.63)	2,772.62
Cash flows (used) / generated from investing activities	(49.18)	(17.47)
Cash flows (used) / generated from financial activities	(1,343.37)	(9,281.40)
Net cash inflow/(outflow)	(1,926.18)	(6,526.25)

#### 2 Details of associate

Particulars	As at 31-Mar-23	As at 31-Mar-22
<b>ECap Equities Limited (formerly Edel Land Limited)</b>		
Financial assets	52,118.86	41,300.39
Non-financial assets	4,161.61	3,932.42
Financial liabilities	45,667.70	38,218.47
Non-financial liabilities	291.97	190.22
Total equity	10,320.80	6,824.12
Particulars	For the year ended 31-Mar-23	For the year ended 31-Mar-22
Revenue from operations	12,705.30	12,073.93
Total income	12,736.92	12,143.74
Total expenses	13,174.95	12,944.84
Profit / (loss) before tax	(438.03)	(801.10)
Other exceptional items	-	-
Profit / (loss) before tax and after exceptional items	(438.03)	(801.11)
Tax expense	(285.31)	311.42
Profit / (loss) for the year	(152.72)	(1,112.52)
Total comprehensive income / (loss)	(151.46)	(1,112.60)
Share in profit / (loss) of associates	(106.31)	(361.72)
Share in profit / (loss) of associates in other comprehensive income	-	-
Cash flows (used) / generated from operating activities	(621.29)	9,449.52
Cash flows (used) / generated from investing activities	(2,654.57)	2,206.85
Cash flows (used) / generated from financial activities	4,695.01	(12,311.86)
Net cash inflow/(outflow)	1,419.15	(655.49)



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

#### 48. Retirement benefit plan

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

Amount of ₹ 48.04 million (Previous year: ₹ 46.75 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:

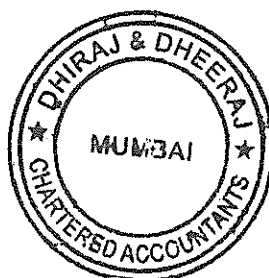
Particulars	2022-23	2021-22
Opening Balance	74.16	88.39
Current service cost	12.26	10.96
Interest cost	4.27	4.07
	90.69	103.42
<b>Other comprehensive Income</b>		
Experience	1.42	2.46
Financial assumptions	(4.72)	(0.70)
Demographic assumptions	(1.14)	1.65
	(4.44)	3.41
<b>Others</b>		
Transfer In/ (Out)	(1.79)	(7.05)
Benefits paid	(12.83)	(25.62)
<b>Closing Balance</b>	<b>71.63</b>	<b>74.16</b>

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

Particulars	2022-23	2021-22
Recognised in Statement of profit or loss		
Current service cost	12.26	10.96
Interest cost	-	(0.30)
Net Interest on net defined benefit liability/ (asset)	0.35	-
Net Actuarial (gain)/loss recognized in the year	-	-
<b>Total</b>	<b>12.61</b>	<b>10.66</b>

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

Particulars	2022-23	2021-22
Fair Value of Plan Assets at start of the year	108.56	100.82
Contributions by Employer	12.83	25.62
Benefits Paid	(12.83)	(25.62)
Interest Income on Plan Assets	6.39	5.03
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	(2.67)	2.71
Fair Value of Plan Assets at end of the year	112.28	108.56
<b>Actual Return on Plan Assets</b>	<b>3.72</b>	<b>7.74</b>



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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	2022-23	2021-22
Present Value of DBO	71.63	74.16
Fair Value of Plan Assets	112.29	108.56
Liability/ (Asset) recognised in the Balance Sheet	(40.66)	(34.40)
Funded Status [Surplus/(Deficit)]	40.66	34.40
Amount not recognized as asset [Effect of limiting net assets to asset ceiling]	47.34	41.84
Net Liability/ (Asset) recognised in the Balance Sheet	27.27	7.44
Of which, Short term Liability	10.35	5.82
Experience Adjustment on Plan Liabilities: (Gain)/Loss	1.42	2.46

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

Particulars	2022-23	2021-22
Investment Funds with Insurance Company	96.66%	96.56%
Of which, Unit Linked	93.11%	93.17%
Of which, Traditional/ Non-Unit Linked	3.55%	3.45%
Cash and cash equivalents	3.34%	3.44%
Total	100.00%	100.00%

##### vi) Movement in Other Comprehensive Income

Particulars	2022-23	2021-22
Balance at start of year (Loss)/ Gain	(34.22)	(5.29)
a. Actuarial (Loss)/ Gain from changes in demographic assumptions	1.14	(3.41)
b. Actuarial (Loss)/ Gain from changes in financial assumptions	4.72	2.46
c. Actuarial (Loss)/ Gain from experience over the past year	(1.42)	(2.46)
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	(2.67)	2.71
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)	(3.03)	(28.23)
Balance at end of year (Loss)/ Gain	(35.48)	(34.22)

##### Actuarial assumptions:

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

	2022-23	2021-22
Discount Rate	5.90%	5.90%
Salary Growth Rate	7.00%	7.00%
Withdrawal/Attrition Rate (based on categories)	16.00%	16.00%
Mortality Rate	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)

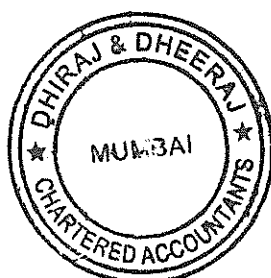
##### Sensitivity analysis:

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, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	2.62	(2.54)	3.82	(3.51)
Discount Rate (+/- 1%)	(2.51)	2.65	(3.52)	3.90

#### 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.





## Edel Finance Company Limited

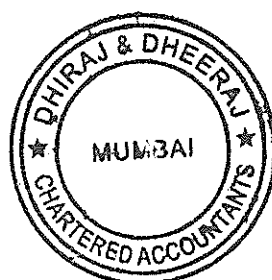
### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	1,289.22	-	1,289.22	3,080.78	-	3,080.78
Bank balances other than cash and cash equivalents	2,031.09	427.86	2,458.95	3,136.71	20.61	3,157.32
Derivative financial instruments	-	-	-	17.16	-	17.16
Securities held for trading	2,138.72	-	2,138.72	1,616.89	612.84	2,229.73
Trade receivables	391.88	-	391.88	220.75	-	220.75
Loans	16,191.08	25,496.09	41,687.17	5,586.56	36,276.99	41,863.55
Investments	6,934.07	20,901.41	27,835.48	4,547.32	21,781.10	25,828.42
Other financial assets	424.36	1,005.21	1,429.57	438.64	317.65	756.29
<b>Total financial assets (A)</b>	<b>29,400.42</b>	<b>47,830.57</b>	<b>77,230.99</b>	<b>18,644.81</b>	<b>58,509.19</b>	<b>77,154.00</b>
<b>Non-financial assets</b>						
Current tax assets (net)	9.71	2,222.42	2,232.13	320.52	1,699.87	2,020.39
Deferred tax assets (net)	-	1,314.71	1,314.71	0.20	1,755.75	1,755.95
Investment Property	-	3,032.59	3,032.59	-	3,539.01	3,539.01
Property, Plant and Equipment	-	2,218.98	2,218.98	0.05	2,429.86	2,429.91
Intangible assets under development	-	12.40	12.40	-	17.35	17.35
Goodwill	-	146.82	146.82	-	146.82	146.82
Other Intangible assets	-	66.32	66.32	-	14.04	14.04
Other non-financial assets	352.71	125.44	478.15	431.70	1.68	433.38
<b>Total non-financial assets (B)</b>	<b>362.42</b>	<b>9,139.68</b>	<b>9,502.10</b>	<b>752.47</b>	<b>9,604.38</b>	<b>10,356.85</b>
<b>TOTAL ASSETS (C = A+B)</b>	<b>29,762.84</b>	<b>56,970.25</b>	<b>86,733.09</b>	<b>19,397.28</b>	<b>68,113.57</b>	<b>87,510.85</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities</b>						
Derivative financial instruments	-	-	-	29.17	-	29.17
Trade payables	401.88	-	401.88	330.77	-	330.77
Debt securities	9,967.50	30,099.79	40,067.29	18,315.94	14,390.52	32,706.46
Borrowings (other than debt securities)	5,131.20	23,619.24	28,750.44	7,852.80	30,565.99	38,418.79
Subordinated Liabilities	420.13	650.00	1,070.13	19.75	2,856.44	2,876.19
Other financial liabilities	3,290.13	9,101.34	12,391.47	2,516.11	7,164.86	9,680.97
<b>Total financial liabilities (D)</b>	<b>19,210.84</b>	<b>63,470.37</b>	<b>82,681.21</b>	<b>29,064.54</b>	<b>54,977.81</b>	<b>84,042.35</b>
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	15.29	18.15	33.44	7.08	18.15	25.23
Provisions	51.54	6.88	58.42	45.66	6.59	52.25
Deferred tax liabilities (net)	-	43.59	43.59	-	71.81	71.81
Other non-financial liabilities	133.75	1.77	135.52	115.14	1.82	116.96
<b>Total non-financial liabilities (E)</b>	<b>200.58</b>	<b>70.39</b>	<b>270.97</b>	<b>167.87</b>	<b>98.37</b>	<b>266.25</b>
<b>TOTAL LIABILITIES (F = D+E)</b>	<b>19,411.42</b>	<b>63,540.76</b>	<b>82,952.18</b>	<b>29,232.41</b>	<b>55,076.18</b>	<b>84,308.60</b>
<b>NET TOTAL ASSETS / (LIABILITIES) (C-F)</b>	<b>10,351.42</b>	<b>(6,570.51)</b>	<b>3,780.91</b>	<b>(9,835.13)</b>	<b>13,037.39</b>	<b>3,202.25</b>



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

#### 50. Change in liabilities arising from financing activities

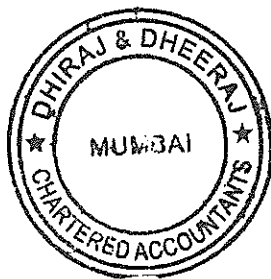
Particulars	As at April 1, 2022	Cash Flows	Changes in Fair value	Others (net)**	As at March 31, 2023
Borrowings*	74,001.44	(4,113.58)	-	-	69,887.86
Total liabilities from financing activities	74,001.44	(4,113.58)	-	-	69,887.86

Particulars	As at April 1, 2021	Cash Flows	Changes in Fair value	Others (net)**	As at March 31, 2022
Borrowings*	102,536.15	(27,192.09)	-	(1,342.62)	74,001.44
Total liabilities from financing activities	102,536.15	(27,192.09)	-	(1,342.62)	74,001.44

\*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 2023 (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 March 31, 2023	As at March 31, 2022
Taxation matters	372.03	533.40
Claims against the Group not acknowledged as debt	-	2.54
Litigation pending against company	177.90	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 March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	1.95	146.52
Undrawn committed credit lines subject to meeting conditions	1,735.92	1,021.91
Uncalled commitments on investments in AIF/ Venture Fund	384.95	4,743.14
Guarantee to trustees of non convertible debenture holders	3,290.60	2,304.08
Corporate guarantee	2,204.35	281.58
Bank Guarantee	319.23	319.23

During the year ended 31 March 2023, certain assets amounting to ₹ Nil million (Previous year: ₹ 1,284.40 million) were sold to alternative assets funds by the fellow subsidiary NBFCs. The Group has, vide a put agreement dated 31 July 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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

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

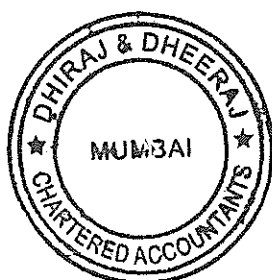
##### 51.2 Leases

- 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, 2023	As at March 31, 2022
Balance as at April 1	142.39	139.95
Addition / disposal during year	31.15	35.84
Interest on lease liabilities	12.58	13.19
Lease pre-closure (Net)	(14.45)	(9.71)
Payments during the year/Repayment of lease obligation	(37.43)	(36.88)
Balance as at March 31	134.24	142.39

#### 2) Amounts recognised in profit or loss:

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation/Amortization expense of right-of-use assets	30.97	30.60
Interest expense on lease liabilities	12.58	13.19
Reversal of lease pre-closure	(6.74)	(4.40)
Total	36.81	39.39



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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 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)  
ZUNO General Insurance Limited (formerly known as 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)  
Sekura India Management Limited

##### C Associates with whom transactions have taken place

Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited) (w.e.f. 27 March 2021) - Associate of Holding Company  
ECap Equities Limited (formerly Edel Land Limited)

##### D Subsidiaries of Edelweiss Securities Limited with whom transactions have taken place

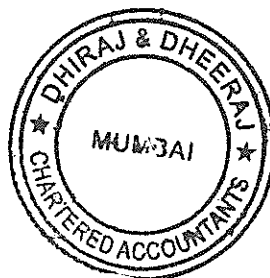
Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)  
Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)  
Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited)  
Nuvama Asset Management Limited (formerly known as ESL Securities Limited)  
Edelweiss Securities (IFSC) Limited

##### E 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

##### F 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 Pharterpekar - Independent Director  
Bharat Bakshi (till April 9, 2021) - Independent Director  
Vinod Juneja - Independent Director  
Atul Ambavat - Independent Director  
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  
Ananthkrishnan S (till August 10, 2021) - Company Secretary  
Tarun Khurana (from November 25, 2021) - Company Secretary

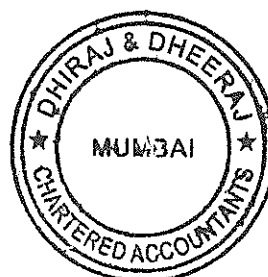


**Edel Finance Company Limited**
**Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)**

(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-23	31-Mar-22
<b>Transactions with related parties:</b>				
1	Amount paid to broker for cash segment	Edel Investments Limited	-	148.86
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	237.53
2	Redemption of Preference Share issued	ECap Equities Limited (formerly Edel Land Limited)	10.00	-
3	Amount received from broker for cash segment	Edel Investments Limited	-	168.84
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	333.83
4	Business support service charges from	ECL Finance Limited	68.31	72.36
		Edel Investments Limited	5.45	1.57
		ECap Equities Limited (formerly Edel Land Limited)	13.96	17.15
		Edelcap Securities Limited	65.44	56.05
		EdelGive Foundation	8.15	5.57
		Edelweiss Alternative Asset Advisors Limited	6.17	3.46
		Edelweiss Asset Management Limited	4.89	3.81
		Edelweiss Asset Reconstruction Company Limited	35.09	28.20
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	3.52	2.97
		Edelweiss Capital Services Limited	-	0.01
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	0.14	0.26
		Edelweiss Finance & Investments Limited	0.71	0.87
		Edelweiss Financial Services Limited	46.76	43.67
		Edelweiss Gallagher Insurance Brokers Limited	-	10.81
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	51.88	41.98
		Edelweiss Global Wealth Management Limited	0.07	0.24
		Edelweiss International (Singapore) Pte. Limited	7.89	6.29
		Edelweiss Retail Finance Limited	0.90	0.76
		Edelweiss Securities And Investments Private Limited	44.79	43.01
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	244.00	268.18
		Edelweiss Tokio Life Insurance Company Limited	72.62	68.00
		Edelweiss Trusteeship Company Limited	0.01	0.01
		Nuvama Asset Management Limited (formerly known as ESL Securities Limited)	0.03	0.04
		Sekura India Management Limited	0.50	-
		ECap Securities And Investments Limited (formerly known as ECap Equities Limited)	0.00	-
5	Investments in funds sold to	ECL Finance Limited	513.98	-
		Edelweiss Retail Finance Limited	1,671.49	-
6	Buyback / redemption- benchmark linked debentures	ECap Equities Limited (formerly Edel Land Limited)	3,554.02	4,318.73
		Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited)	18.84	-
7	Issue of benchmark linked debentures	ECap Equities Limited (formerly Edel Land Limited)	1,700.00	-
		Edel Investments Limited	700.00	-
		Edelcap Securities Limited	970.00	-
8	Redemption/Sale of investment in benchmark linked debentures	ECap Equities Limited (formerly Edel Land Limited)	3,810.32	-
9	Purchase of perpetual bond from	ECap Equities Limited (formerly Edel Land Limited)	492.28	-
10	Clearing charges paid to	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	2.86	0.28
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	0.00	-
11	Commission and sub-brokerage paid to	Edel Investments Limited	1.88	0.01
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	7.08	3.26
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	97.40	0.03
		Edelweiss Financial Services Limited	2.50	-
12	Corporate guarantee fee received from	ECL Finance Limited	0.02	0.02
		Edelweiss Retail Finance Limited	0.00	-
		Edelweiss Financial Services Limited	0.09	-
13	Corporate guarantee support fee paid to	ECap Equities Limited (formerly Edel Land Limited)	0.10	0.03
		Edelweiss Financial Services Limited	0.90	1.12
14	Directors' sitting fees	Atul Ambavat	0.39	0.34
		Mr. Sunil Phatarphekar	0.35	-
		Vinod Juneja	1.05	1.02



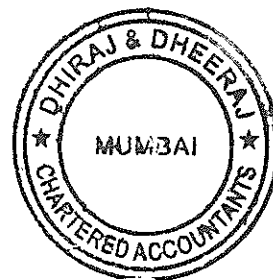
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
15	Remuneration to Key Management Personnel (Refer note 1)	Ananthkrishnan S	-	0.50
		Sujit Kumar Pandey	-	0.49
		Sunil Nagrani	-	7.36
		Ravindra Dhobale	-	1.49
16	Donation paid to	EdelGive Foundation	5.72	10.53
17	Enterprise service charges paid to	ECL Finance Limited	-	20.12
18	ESOP and SAR cost reimbursement	Edelweiss Financial Services Limited	3.55	4.40
19	Fair value/ Interest income on securities	Edelweiss Asset Reconstruction Company Limited	-	4.76
20	Income distribution from Fund	Edelweiss Value and Growth Fund	-	283.76
		India Credit Investment Fund II	-	64.00
21	Interest / dividend on preference shares	ECL Finance Limited	81.64	74.98
		ECap Equities Limited (formerly Edel Land Limited)	110.17	103.50
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	2.71	-
22	Interest expense on Debentures	Edel Investments Limited	0.44	166.01
		ECap Equities Limited (formerly Edel Land Limited)	478.05	400.44
		Edelcap Securities Limited	76.35	74.37
		Edelweiss Securities And Investments Private Limited	-	12.40
23	Interest expense on loans taken from	ECL Finance Limited	28.13	-
		Edel Investments Limited	62.52	79.29
		ECap Equities Limited (formerly Edel Land Limited)	32.05	281.35
		Edelcap Securities Limited	35.14	47.36
		Edelweiss Financial Services Limited	2,655.91	2,142.38
		Edelweiss Retail Finance Limited	145.97	193.43
		Edelweiss Securities And Investments Private Limited	-	0.02
24	Interest income on loan given to	ECap Securities And Investments Limited (formerly known as ECap Equities Limited)	31.27	228.93
		ECL Finance Limited	52.50	265.07
		Edel Investments Limited	-	10.31
		ECap Equities Limited (formerly Edel Land Limited)	384.36	1,391.07
		Edelcap Securities Limited	30.37	1.30
		Edelweiss Alternative Asset Advisors Limited	33.66	7.35
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	43.86
		Edelweiss Global Wealth Management Limited	47.14	111.37
		Edelweiss Retail Finance Limited	2.25	24.16
		Edelweiss Securities And Investments Private Limited	287.93	87.04
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	11.36	16.51
25	Interest expense on Non convertible Debentures	ECL Finance Limited	17.58	8.68
		Edelweiss Finance & Investments Limited	0.16	0.02
		Edelweiss Retail Finance Limited	11.38	0.81
		Edelweiss Tokio Life Insurance Company Limited	5.01	2.58
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	0.82	-
		ECap Equities Limited (formerly Edel Land Limited)	127.38	-
26	Interest income on debentures (CCD)	ECL Finance Limited	143.47	239.31
		ECap Equities Limited (formerly Edel Land Limited)	52.34	25.16
		Edelweiss Retail Finance Limited	1.62	1.64
27	Interest expense on Securitisation	ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	-	0.13
		Edelweiss Tokio Life Insurance Company Limited	-	0.70
28	Interest expense on subordinate debt	ECL Finance Limited	6.16	6.16
		ECap Equities Limited (formerly Edel Land Limited)	7.70	7.70
29	Interest expenses on Security deposit	ECL Finance Limited	-	58.68
30	Interest income on investment in debt securities held for trading	ECap Equities Limited (formerly Edel Land Limited)	-	3.50
		Edelweiss Asset Reconstruction Company Limited	192.06	160.87
31	Interest income on margin from	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.16
32	Interest income on Nifty Linked Debentures	ECap Equities Limited (formerly Edel Land Limited)	269.59	838.39
33	Interest income on securities	ECap Equities Limited (formerly Edel Land Limited)	-	9.39
		Edelweiss Retail Finance Limited	6.88	6.94
		ECL Finance Limited	68.75	-
34	Investment in debt securities held for trading	ECap Equities Limited (formerly Edel Land Limited)	-	316.90



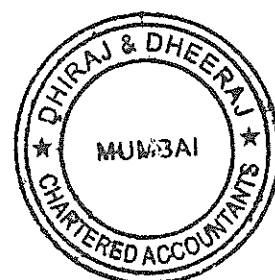
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
		Edelweiss Asset Reconstruction Company Limited	-	1,302.00
35	Investment in Security Receipts issued by at book Value	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
36	Investment management support service from	Edelweiss International (Singapore) Pte. Limited	8.20	1.69
37	Investments in debentures(including CCD)	ECap Equities Limited (formerly Edel Land Limited)	-	5,000.00
38	Investments in other	Edelweiss Private Equity Tech Fund	-	5.83
		Edelweiss Value and Growth Fund	-	10.09
		India Credit Investment Fund II	2,172.71	238.33
39	Investments purchased from	ECap Equities Limited (formerly Edel Land Limited)	-	68.63
40	Investments sold to	Edelweiss Financial Services Limited	-	0.10
		Edelweiss Securities And Investments Private Limited	495.28	1,451.97
41	Issue of Non- Convertible Debentures to	ECap Equities Limited (formerly Edel Land Limited)	1,640.00	-
		ECL Finance Limited	220.00	-
		Edelweiss Retail Finance Limited	140.00	-
42	Issue of equity shares to (including securities premium)	Edelweiss Financial Services Limited	2,000.00	-
43	Legal and professional fees paid to	ECL Finance Limited	-	0.55
		Edelweiss Alternative Asset Advisors Limited	-	0.02
44	Loan purchased from	ECL Finance Limited	1,998.46	1,005.78
		ECap Equities Limited (formerly Edel Land Limited)	-	1,589.28
		Edelweiss Retail Finance Limited	-	282.82
45	Loans given repaid by	ECL Finance Limited	4,820.00	18,507.86
		Edel Investments Limited	-	5,609.50
		ECap Equities Limited (formerly Edel Land Limited)	16,074.79	107,970.10
		Edelcap Securities Limited	1,428.58	784.48
		Edelweiss Alternative Asset Advisors Limited	330.00	1.19
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	2,200.00
		Edelweiss Global Wealth Management Limited	225.88	2,100.06
		Edelweiss Retail Finance Limited	1,750.00	8,240.00
		Edelweiss Securities And Investments Private Limited	6,882.76	3,489.19
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	1,000.00	900.00
		ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	1,800.00	-
46	Loans given repaid by (Max of debit/ credit)	ECL Finance Limited	-	2,000.00
		ECap Equities Limited (formerly Edel Land Limited)	-	7,002.90
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	2,200.00
		Edelweiss Global Wealth Management Limited	-	700.00
		Edelweiss Retail Finance Limited	-	2,500.00
47	Loans given to	ECL Finance Limited	4,040.00	18,287.86
		Edel Investments Limited	-	5,609.50
		ECap Equities Limited (formerly Edel Land Limited)	15,442.67	104,232.11
		Edelcap Securities Limited	3,622.13	784.48
		Edelweiss Alternative Asset Advisors Limited	220.00	330.00
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	2,200.00
		Edelweiss Global Wealth Management Limited	842.15	1,125.60
		Edelweiss Retail Finance Limited	1,750.00	8,240.00
		Edelweiss Securities And Investments Private Limited	778.50	5,259.17
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	1,000.00	900.00
		ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	5,171.27	-
48	Loans repaid to	ECL Finance Limited	1,590.00	-
		Edel Investments Limited	2,551.40	14,762.21
		ECap Equities Limited (formerly Edel Land Limited)	6,185.86	16,528.01
		Edelcap Securities Limited	2,024.26	4,019.26
		Edelweiss Financial Services Limited	26,320.11	31,859.48
		Edelweiss Retail Finance Limited	3,720.00	8,310.00
		Edelweiss Securities And Investments Private Limited	-	0.40
49	Loans sold to	Edelweiss Asset Reconstruction Company Limited	-	1,925.70
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	-	100.83
		Edelweiss Tokio Life Insurance Company Limited	-	997.36





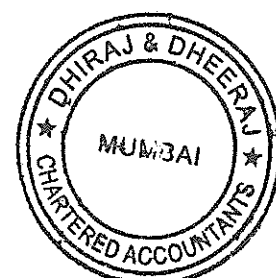
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
50	Loans Taken from	ECL Finance Limited	1,590.00	-
		Edel Investments Limited	1,866.40	15,308.88
		ECap Equities Limited (formerly Edel Land Limited)	7,533.35	29,820.81
		Edelcap Securities Limited	1,079.80	4,963.72
		Edelweiss Financial Services Limited	26,010.60	44,946.93
		Edelweiss Retail Finance Limited	250.00	11,780.00
51	Management and Advisory Fees paid to	ECL Finance Limited	360.72	326.60
		Edelweiss Alternative Asset Advisors Limited	13.92	15.46
		Edelweiss Asset Reconstruction Company Limited	19.40	76.72
52	Management and Advisory fees received from	ECL Finance Limited	28.22	17.50
		Edelweiss Retail Finance Limited	2.97	4.30
53	Principal Repayment from fund	India Credit Investment Fund II	779.63	-
54	Margin placed with broker	Edel Investments Limited	-	113.00
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	80.00
55	Margin withdrawn from broker	Edel Investments Limited	-	113.00
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	86.00
56	Margin repaid to clearing house	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.47
57	Margins placed with	Edel Investments Limited	24.18	1.20
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	1,721.28	1,452.52
58	Margins withdrawn	Edel Investments Limited	24.22	12.67
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	1,726.87	1,449.77
59	Other financial cost paid to	Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	3.83	23.58
		Nuvama Asset Management Limited (formerly known as ESL Securities Limited)	5.70	-
60	Profit on trading of derivatives	Edel Investments Limited	42.03	-
61	Sale of equity shares	Edelweiss Securities And Investments Private Limited	578.18	846.89
62	Purchase of equity shares	Edelweiss Financial Services Limited	4,031.50	2,668.42
63	Purchase of Property, Plant & Equipment	ECL Finance Limited	0.12	0.50
		Edel Investments Limited	0.14	-
		ECap Equities Limited (formerly Edel Land Limited)	-	0.03
		Edelcap Securities Limited	0.28	0.03
		EdelGive Foundation	-	0.04
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.03
		Edelweiss Finance & Investments Limited	-	1.35
		Edelweiss Financial Services Limited	-	0.14
		Edelweiss Retail Finance Limited	0.15	0.33
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	0.00	0.07
64	Sale of Property, Plant & Equipment	ECL Finance Limited	-	1.12
		Edel Investments Limited	0.00	0.03
		ECap Equities Limited (formerly Edel Land Limited)	-	0.07
		Edelcap Securities Limited	-	0.05
		EdelGive Foundation	-	0.01
		Edelweiss Alternative Asset Advisors Limited	0.01	0.01
		Edelweiss Asset Management Limited	-	0.12
		Edelweiss Asset Reconstruction Company Limited	-	0.02
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.08
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.00
		Edelweiss Finance & Investments Limited	-	0.06
		Edelweiss Financial Services Limited	-	0.11
		Edelweiss Gallagher Insurance Brokers Limited	-	0.01
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	-	1.31
		Edelweiss Retail Finance Limited	-	0.02
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	0.00	0.03
		Edelweiss Tokio Life Insurance Company Limited	-	0.22
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	0.03	0.07



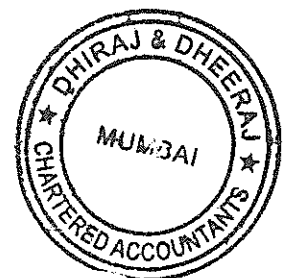
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
65 Purchase of securities		ECL Finance Limited		2,297.72
		Edel Investments Limited	-	314.37
		ECap Equities Limited (formerly Edel Land Limited)	157.00	3,961.00
		Edelweiss Retail Finance Limited	-	0.20
		Nuvama Asset Management Limited (formerly known as ESL Securities Limited)	53.35	-
		Edelweiss Tokio Life Insurance Company Limited	252.06	-
66 Sale of Securities		ECL Finance Limited	1,889.04	-
		Edel Investments Limited	-	3,890.00
		ECap Equities Limited (formerly Edel Land Limited)	-	312.92
		Edelcap Securities Limited	450.76	-
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	115.88
67 Rating Support Fees Income		ECL Finance Limited	-	0.68
		ECap Equities Limited (formerly Edel Land Limited)	-	0.02
		Edelweiss Asset Reconstruction Company Limited	-	0.07
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.02
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.03
		Edelweiss Finance & Investments Limited	-	0.13
		Edelweiss Financial Services Limited	-	0.09
		Edelweiss Retail Finance Limited	-	0.06
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	0.03
68 Redemption - Debentures/bonds held in		ECL Finance Limited	-	1,200.00
		ECap Equities Limited (formerly Edel Land Limited)	1,076.63	7,894.62
		Edelweiss Asset Reconstruction Company Limited	352.89	191.63
69 Redemption of debentures held by		ECap Equities Limited (formerly Edel Land Limited)	4,440.10	-
		Edelcap Securities Limited	155.56	-
		Edelweiss Retail Finance Limited	8.30	-
70 Reimbursement paid to		ECL Finance Limited	46.75	104.87
		ECap Equities Limited (formerly Edel Land Limited)	21.55	0.07
		Edelcap Securities Limited	3.01	0.01
		Edelweiss Alternative Asset Advisors Limited	13.92	11.54
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	18.00	0.08
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.60
		Edelweiss Financial Services Limited	1.85	9.58
		Edelweiss International (Singapore) Pte. Limited	-	0.01
		Edelweiss Retail Finance Limited	2.87	0.49
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	16.50	1.04
		Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited)	0.08	-
		Edel Investments Limited	1.67	-
		Edelweiss Asset Management Limited	0.25	-
71 Reimbursement received from		ECL Finance Limited	1.30	2.79
		Edel Investments Limited	2.05	1.93
		ECap Equities Limited (formerly Edel Land Limited)	0.41	0.57
		Edelcap Securities Limited	1.14	4.27
		EdelGive Foundation	0.05	0.08
		Edelweiss Alternative Asset Advisors Limited	2.85	1.74
		Edelweiss Asset Management Limited	0.80	1.18
		Edelweiss Asset Reconstruction Company Limited	2.67	1.91
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	0.06	2.84
		Edelweiss Capital Services Limited	-	0.15
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	9.84	5.23
		Edelweiss Finance & Investments Limited	0.01	0.50
		Edelweiss Financial Services Limited	0.91	90.64
		Edelweiss Gallagher Insurance Brokers Limited	-	0.22
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	2.27	0.59
		Edelweiss Global Wealth Management Limited	-	0.09
		Edelweiss Retail Finance Limited	0.00	0.38
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	4.81	12.56
		Edelweiss Tokio Life Insurance Company Limited	-	4.95
		Nuvama Asset Management Limited (formerly known as ESL Securities Limited)	0.01	0.09
		Edelweiss Securities And Investments Private Limited	0.00	-



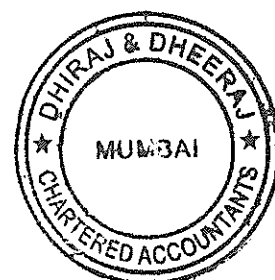
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
72	Rental income from	ECL Finance Limited	12.04	11.78
		Edel Investments Limited	18.72	25.25
		ECap Equities Limited (formerly Edel Land Limited)	4.42	2.28
		Edelcap Securities Limited	20.83	14.01
		EdelGive Foundation	1.18	1.12
		Edelweiss Alternative Asset Advisors Limited	71.79	45.18
		Edelweiss Asset Management Limited	13.87	24.96
		Edelweiss Asset Reconstruction Company Limited	64.31	44.73
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	1.03	0.20
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	98.14	93.72
		Edelweiss Financial Services Limited	28.68	26.89
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	12.57	12.93
		Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited)	0.17	-
		Nuvama Asset Management Limited (formerly known as ESL Securities Limited)	0.01	-
73	Maturity of debt securities	ECap Equities Limited (formerly Edel Land Limited)	375.45	-
74	NCD loan sold to	ECL Finance Limited	1,301.50	-
75	Issuance of debentures to	ECap Equities Limited (formerly Edel Land Limited)	5,500.00	-
76	Risk and reward sharing fee expenses	Edelweiss Financial Services Limited	-	1.94
77	Security deposit received from	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	84.44
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	7.33
		Edelweiss Tokio Life Insurance Company Limited	0.04	-
78	Security deposit repaid to	ECL Finance Limited	14.60	500.00
		ECap Equities Limited (formerly Edel Land Limited)	13.68	100.00
		Edelweiss Global Wealth Management Limited	-	75.00
79	Security Receipts Sold to	Edelweiss Retail Finance Limited	-	378.65
		Edelweiss Asset Reconstruction Company Limited Trust	319.73	-
80	Service Charges paid	ECL Finance Limited	1.08	1.44
		Edelweiss Retail Finance Limited	0.81	1.50
81	Service fee received from	ECL Finance Limited	0.39	0.11
		Edelweiss Retail Finance Limited	0.07	0.26
82	Share of loss	Edelweiss Multi Strategy Fund Advisors LLP	0.05	-
		Edelweiss Resolution Advisors LLP	-	0.04
83	Share of Profit	Edelweiss Multi Strategy Fund Advisors LLP	-	4.19
		Edelweiss Resolution Advisors LLP	0.03	-
84	Shared premises cost paid to	ECL Finance Limited	-	27.50
		ECap Equities Limited (formerly Edel Land Limited)	-	1.80
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.07
		Edelweiss Retail Finance Limited	-	8.66
85	Shared premises cost received from	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.26
		Edelweiss Financial Services Limited	-	0.01
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	-	0.26
86	Trade exposure charges paid to	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	7.77
87	Withdrawal of capital from partnership firm	Edelweiss Multi Strategy Fund Advisors LLP	-	7.02
		Edelweiss Resolution Advisors LLP	0.13	0.24
88	Reimbursement of ARC management fee from	Edelweiss Financial Services Limited	11.39	89.03
<b>Balances with related parties:</b>				
1	Accrued interest expenses on loan taken from	ECL Finance Limited	0.87	0.24
		Edel Investments Limited	1.83	7.29
		ECap Equities Limited (formerly Edel Land Limited)	4.74	122.35
		Edelcap Securities Limited	-	7.55
		Edelweiss Financial Services Limited	83.29	244.11
		Edelweiss Retail Finance Limited	-	20.88
2	Corporate Guarantee Given to/for	ECL Finance Limited	149.30	249.09
		Edelweiss Retail Finance Limited	-	32.49
3	Corporate Guarantee taken from	ECap Equities Limited (formerly Edel Land Limited)	1,612.64	280.22
		Edelweiss Financial Services Limited	4,671.94	1,794.40



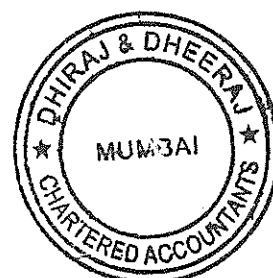
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
4	Interest accrued but not due on Non convertible debentures held by	ECL Finance Limited	-	0.58
		Edelweiss Retail Finance Limited	0.13	0.52
		Edelweiss Tokio Life Insurance Company Limited	2.00	1.81
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	0.08	-
		ECap Equities Limited (formerly Edel Land Limited)	1.56	-
5	Interest accrued on Securitisation	ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	-	0.13
		Edelweiss Tokio Life Insurance Company Limited	-	0.70
6	Interest accrued on subordinate debt	ECL Finance Limited	4.15	4.15
		ECap Equities Limited (formerly Edel Land Limited)	5.19	5.19
7	Interest expenses accrued on Short term borrowings	ECap Equities Limited (formerly Edel Land Limited)	-	0.54
		Edelweiss Retail Finance Limited	-	1.87
8	Interest income accrued on Loans	ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	-	5.50
		ECL Finance Limited	5.11	159.38
		ECap Equities Limited (formerly Edel Land Limited)	8.56	130.81
		Edelweiss Alternative Asset Advisors Limited	3.12	3.63
		Edelweiss Global Wealth Management Limited	-	6.23
		Edelweiss Securities And Investments Private Limited	11.43	7.38
9	Interest payable -Accrued -Group company	ECap Equities Limited (formerly Edel Land Limited)	0.50	-
		Edelweiss Financial Services Limited	157.71	41.65
10	Interest Payable on Debenture	Edel Investments Limited	-	0.53
		ECap Equities Limited (formerly Edel Land Limited)	113.18	70.66
		Edelcap Securities Limited	17.63	4.62
11	Interest receivable - accrued on debentures and bonds of	ECL Finance Limited	217.41	-
		ECap Equities Limited (formerly Edel Land Limited)	0.18	15.40
		Edelweiss Retail Finance Limited	1.87	1.90
12	Interest receivable-Accrued -Group Company	ECap Equities Limited (formerly Edel Land Limited)	13.76	9.45
		Edelweiss Securities And Investments Private Limited	50.06	2.37
		Edelcap Securities Limited	9.73	-
		Edelweiss Global Wealth Management Limited	7.56	-
		ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	6.86	-
13	Investment in Security Receipts issued by at book Value	EARC Trust SC 401	479.60	799.51
		EARC Trust SC 418	209.92	240.95
		EARC Trust SC 447	495.07	553.31
		EARC Trust SC 451	226.79	282.02
		EARC Trust SC 459	111.24	137.10
14	Investments in debentures(including CCD)	ECL Finance Limited	2,474.04	2,120.60
		ECap Equities Limited (formerly Edel Land Limited)	9,686.84	11,892.48
		Edelweiss Asset Reconstruction Company Limited	1,890.57	19.80
		Edelweiss Retail Finance Limited	58.40	58.40
15	Investments in equity shares	Edelweiss Asset Management Limited	733.89	733.89
		Edelweiss Asset Reconstruction Company Limited	-	239.68
		Edelweiss Retail Finance Limited	264.00	264.00
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	2,304.08
		ECL Finance Limited	4,031.50	-
16	Investments in others	Edelweiss Multi Strategy Fund Advisors LLP	-	0.05
		Edelweiss Resolution Advisors LLP	-	0.10
		Edelweiss Private Equity Tech Fund	-	199.80
		Edelweiss Value and Growth Fund	-	314.09
		India Credit Investment Fund II	2,611.79	1,507.03
17	Loans given to	ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	3,371.27	-
		ECL Finance Limited	-	780.00
		ECap Equities Limited (formerly Edel Land Limited)	1,243.80	1,875.83
		Edelweiss Alternative Asset Advisors Limited	220.00	330.00
		Edelweiss Global Wealth Management Limited	685.71	70.06
		Edelweiss Securities And Investments Private Limited	1,546.08	1,944.26
		Edelcap Securities Limited	1,554.78	-
18	Loans taken from	Edel Investments Limited	-	685.00
		ECap Equities Limited (formerly Edel Land Limited)	1,460.10	112.56
		Edelcap Securities Limited	-	944.46
		Edelweiss Financial Services Limited	17,079.43	17,394.53
		Edelweiss Retail Finance Limited	-	3,470.00
19	Margin payable to	Edel Investments Limited	0.50	0.50



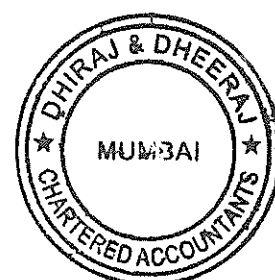
# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
20	Margin placed with clearing house	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.10
21	Margin receivable from	Edel Investments Limited	0.49	0.45
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	7.50
22	Non convertible debentures	ECap Equities Limited (formerly Edel Land Limited)	-	555.97
		Edelweiss Retail Finance Limited	-	18.61
23	Non convertible debentures held by (Face Value)	ECL Finance Limited	220.00	8.33
		Edel Investments Limited	-	300.82
		ECap Equities Limited (formerly Edel Land Limited)	5,788.83	4,064.34
		Edelcap Securities Limited	1,369.00	350.53
		Edelweiss Finance & Investments Limited	-	0.16
		Edelweiss Retail Finance Limited	152.27	7.47
		Edelweiss Tokio Life Insurance Company Limited	55.80	225.80
		ZUNO General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	10.00	-
24	Other Payable	ECL Finance Limited	0.01	-
		Edel Investments Limited	0.75	0.01
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.38
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.03
		Edelweiss Finance & Investments Limited	-	0.08
		Edelweiss Financial Services Limited	1.47	1.44
		Edelweiss Retail Finance Limited	0.46	-
		Edelweiss Securities (IFSC) Limited	-	0.03
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	0.16
		Edelweiss Asset Reconstruction Company Limited	0.87	0.00
		EdelGive Foundation	0.24	-
		Edelweiss Asset Management Limited	12.11	-
		Edelweiss Alternative Asset Advisors Limited	0.87	-
		ECap Equities Limited (formerly Edel Land Limited)	0.61	-
		Sekura India Management Limited	0.01	-
		Edelcap Securities Limited	0.01	-
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	0.15	0.10
25	Other Receivable	ECL Finance Limited	0.69	0.93
		ECap Equities Limited (formerly Edel Land Limited)	156.20	-
		Edelcap Securities Limited	0.58	-
		EdelGive Foundation	0.64	0.56
		Edelweiss Asset Management Limited	-	0.02
		Edelweiss Asset Reconstruction Company Limited	-	0.03
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.00
		Edelweiss Finance & Investments Limited	-	0.01
		Edelweiss Financial Services Limited	1.40	-
		Edelweiss General Insurance Company Limited	0.00	0.12
		Edelweiss Retail Finance Limited	0.41	0.08
		Edelweiss Securities And Investments Private Limited	0.09	0.13
		Nuvama Asset Management Limited (formerly known as ESL Securities Limited)	-	0.01
		Edel Investments Limited	0.12	-
26	Partner's current account - receivable from	Edelweiss Multi Strategy Fund Advisors LLP	3.11	3.18
		Edelweiss Resolution Advisors LLP	-	0.32
27	Partner's capital account - receivable from	Edelweiss Multi Strategy Fund Advisors LLP	0.05	-
28	Rental deposits payable to	ECL Finance Limited	14.60	-
		ECap Equities Limited (formerly Edel Land Limited)	13.68	-
		Edelweiss Asset Reconstruction Company Limited	50.00	50.00
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	84.44
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	7.33
		Edelweiss Tokio Life Insurance Company Limited	0.11	-
		Edelweiss Alternative Asset Advisors Limited	17.72	-
29	Risk and Rewards Guarantee taken from	Edelweiss Financial Services Limited	1,840.28	2,208.60
30	Stock in trade - debentures and bonds	ECap Equities Limited (formerly Edel Land Limited)	123.76	3.00
31	Subordinate debt issued to	ECL Finance Limited	56.00	56.00
		ECap Equities Limited (formerly Edel Land Limited)	70.00	70.00
32	Subordinated Preference Shares	ECL Finance Limited	-	918.36
		ECap Equities Limited (formerly Edel Land Limited)	406.68	1,295.51



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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-23	31-Mar-22
33	Trade Payables to	EC Global Limited	-	0.02
		ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	0.11	-
		ECL Finance Limited	80.64	102.45
		ECap Equities Limited (formerly Edel Land Limited)	4.99	2.00
		Edelweiss Alternative Asset Advisors Limited	9.56	-
		Edelweiss Alternative Asset Advisors Pte. Limited	-	0.14
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	1.80
		Edelweiss Finance & Investments Limited	-	0.40
		Edelweiss Financial Services Limited	0.27	4.97
		Edelweiss General Insurance Company Limited	-	0.05
		Edelweiss Retail Finance Limited	0.28	6.22
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	0.22
		Edelweiss Asset Management Limited	0.01	-
		Edelcap Securities Limited	0.21	-
		Edelweiss Asset Reconstruction Company Limited	0.51	-
		Edelweiss Tokio Life Insurance Company Limited	0.00	-
34	Trade Receivables from	ECL Finance Limited	36.82	35.56
		Edel Investments Limited	2.30	1.87
		ECap Equities Limited (formerly Edel Land Limited)	2.91	0.79
		Edelcap Securities Limited	16.33	6.28
		EdelGive Foundation	1.62	0.33
		Edelweiss Alternative Asset Advisors Limited	25.11	6.09
		Edelweiss Asset Management Limited	3.45	2.89
		Edelweiss Asset Reconstruction Company Limited	18.10	6.73
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	1.17
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	8.24
		Edelweiss Financial Services Limited	21.20	30.06
		Edelweiss General Insurance Company Limited	4.44	8.56
		Edelweiss International (Singapore) Pte. Limited	3.38	1.79
		Edelweiss Multi Strategy Fund Advisors LLP	-	0.01
		Edelweiss Retail Finance Limited	0.94	3.98
		Edelweiss Securities And Investments Private Limited	8.60	5.32
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	-	64.37
		Edelweiss Tokio Life Insurance Company Limited	10.54	7.14
		Edelweiss Global Wealth Management Limited	0.05	-
		ECap Securities And Investments Limited ( formerly known as ECap Equities Limited)	0.00	-
		Nuvama Asset Management Limited (formerly known as ESI Securities Limited)	0.02	0.01

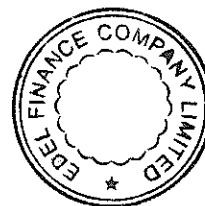
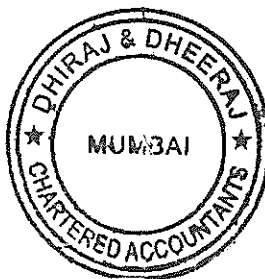
0.00 indicates amount less than ₹ 0.01 million

#### 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.

#### 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 2023 (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.

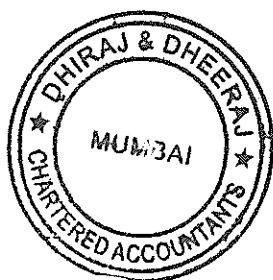
Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Group sources alternative market information, with greater weight given to information that is considered to be 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-23			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Derivative financial instruments (assets)</b>				
Exchange-traded derivatives	-	-	-	-
<b>Total derivative financial instruments (assets)</b>	-	-	-	-
<b>Stock-in-trade</b>				
Debt Securities	134.67	418.43	1,461.86	2,014.96
Nifty Linked Debentures	-	-	123.76	123.76
<b>Stock-in-trade</b>	<b>134.67</b>	<b>418.43</b>	<b>1,585.62</b>	<b>2,138.72</b>
<b>Investments</b>				
Debt securities	-	2,858.62	-	2,858.62
Mutual fund units	127.34	-	-	127.34
Security receipts	-	-	2,155.73	2,155.73
Equity instruments	-	-	4,103.26	4,103.26
Units of AIF	-	-	3,580.47	3,580.47
<b>Total investments measured at fair value</b>	<b>127.34</b>	<b>2,858.62</b>	<b>9,839.46</b>	<b>12,825.42</b>
<b>Loans and other financial assets measured at fair value</b>	<b>-</b>	<b>-</b>	<b>2,645.09</b>	<b>2,645.09</b>
<b>Property Plant and equipment</b>	<b>-</b>	<b>-</b>	<b>2,024.51</b>	<b>2,024.51</b>
<b>Total financial assets measured at fair value on a recurring basis</b>	<b>262.01</b>	<b>3,277.05</b>	<b>16,094.68</b>	<b>19,633.74</b>



# Edel Finance Company Limited

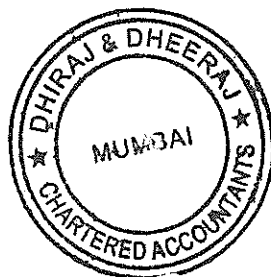
## Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

### 54 Fair Value Measurement (continued)

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

Particulars	31-Mar-22			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
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
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 2023 (Continued)**

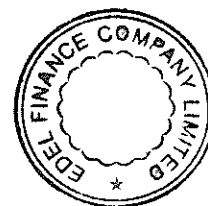
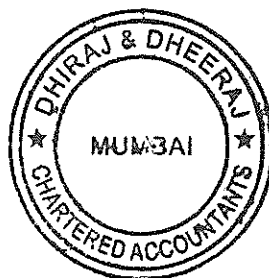
(Currency : Indian rupees in millions)

**54 Fair Value Measurement (continued)****54.3. Assets and liabilities by fair value hierarchy (continued)**

Particulars	31-Mar-23			Total
	Level 1	Level 2	Level 3	
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments (liabilities):				
Exchange-traded derivatives	-	-	-	-
Embedded derivatives in market-linked debentures issued	-	-	-	-
Total financial liabilities measured at fair value on a recurring basis	-	-	-	-

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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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

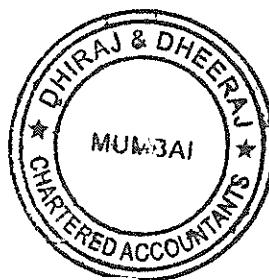
Loans are segregated, as far as possible, into portfolios of similar characteristics. Fair values are based on observable market transactions, when available. When they are unavailable, fair values are estimated using valuation models incorporating range of input assumptions. Group has determine fair 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.



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(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 2023 and 31 March 2022 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets and other financial liabilities is not significant in each of the years presented.

Particulars	31 March 2023				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Loans	39,042.08	39,713.10	-	-	39,713.10
<b>Financial liabilities</b>					
Debt securities	40,067.29	38,964.27	-	16,957.31	22,006.96
Borrowing (other than debt securities)	19,681.47	19,509.08	-	744.66	18,764.42
Subordinated liabilities	1,070.13	1,078.20	-	1,078.20	-
<b>Total</b>	<b>60,818.89</b>	<b>59,551.55</b>	<b>-</b>	<b>18,780.17</b>	<b>40,771.38</b>
<b>Off-balance sheet items</b>					
Loan commitments	1,399.90	699.95	-	-	699.95
<b>Total</b>	<b>1,399.90</b>	<b>699.95</b>	<b>-</b>	<b>-</b>	<b>699.95</b>

Particulars	31 March 2022				
	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets:</b>					
Loans	38,501.73	38,501.73	-	-	38,501.73
<b>Financial liabilities</b>					
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	-
<b>Total</b>	<b>74,001.44</b>	<b>73,048.07</b>	<b>17,666.61</b>	<b>31,035.81</b>	<b>24,345.65</b>
<b>Off-balance sheet items</b>					
Loan commitments	871.91	435.96	-	-	435.96
<b>Total</b>	<b>871.91</b>	<b>435.96</b>	<b>-</b>	<b>-</b>	<b>435.96</b>

##### 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

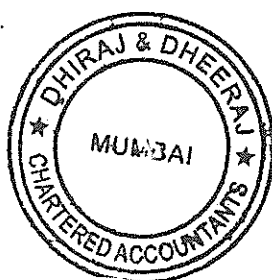
Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets and other financial 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 consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

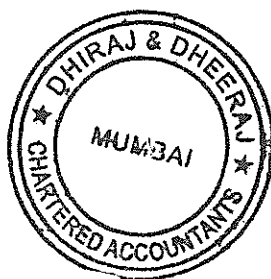
### 54. Fair Value Measurement (Continued)

54.6 Except as disclosed in Note 54.7 below there have been no transfers between levels during the year ended March 31, 2023 and March 31, 2022.

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, 2022	2,702.98	3,847.25	1.00	-	-	3,361.82	515.32	10,428.37
Purchase	110.33	2,788.27	-	-	-	426.27	6,987.10	10,311.97
Sale / redemption	(652.93)	(2,739.13)	(0.90)	-	-	(1,564.60)	(5,933.06)	(10,890.62)
Transfer into level 3	-	-	4,103.16	-	-	-	-	4,103.16
Transfer from level 3	-	-	-	-	-	-	-	-
Accrued Interest Income	-	-	-	-	-	221.32	0.27	221.59
Profit / Fair value change for the year recognised in profit or loss	(4.65)	(315.92)	-	-	-	200.28	15.99	(104.30)
Investments - at March 31, 2023	2,155.73	3,580.47	4,103.26	-	-	2,645.09	1,585.62	14,070.17
Unrealised gain/(Loss) related to balances held at the end of the year	(37.64)	(315.92)	-	-	-	24.57	(230.75)	(559.74)

Particulars	Security receipts	Units of AIF	Equity instruments/ Warrants	Preference Shares	Warrants	Loans at FVTPL	Stock-in-trade	Total
Investments - at April 1, 2021	1,707.47	2,299.55	112.91	-	-	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)



**Edel Finance Company Limited**
**Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)**

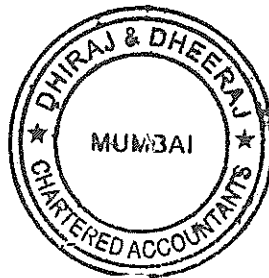
(Currency : Indian rupees in millions)

**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, 2023**

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 Expected future present value of expected cash flows future economic benefits to be derived from the ownership of the underlying investments of the Trust.		4,226.80	5% increase in Expected future Cash flow	154.04	5% Decrease in Expected future Cash flow	(53.27)
		Risk adjusted discount rate	12.00% To 22.00%	0.5% increase in Risk-adjusted discount rate	(11.55)	0.5% Decrease in Risk-adjusted discount rate	11.64
Stock-in-trade	Discounted projected cash flow	Expected gross recoveries	6,967.38	5%	348.37	5%	(348.37)
		Discount rates	11.50% to 12.50%	50 basis point	(9.35)	50 basis point	9.35
Loans classified as FVTPL	Comparable transaction value	Discounting rate	15% - 20%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value		A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value	
Nifty linked debentures	Fair value using Black Market Index Scholes Model or Monte Carlo approach based on the embedded derivative			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	0	5%	183.36	5%	(183.36)
Investments in unquoted equity shares categorised at Level 3	Comparable transaction and P/E and discounted cash flow	Fair value per share	₹ 2238 per share	5%	205.16	5%	(205.16)

**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 Expected future present value of expected cash flows future economic benefits to be derived from the ownership of the underlying investments of the Trust.		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%	A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value		A one percentage point change in the discounting rate used in fair valuation of Level 3 assets does not have a significant impact in its value	
Nifty linked debentures	Fair value using Black Market Index Scholes Model or Monte Carlo approach based on the embedded derivative			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)



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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.

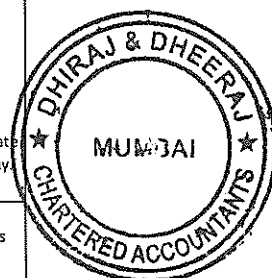
The Board Risk Committee is the overseeing body for Risk Management. The Committee meets at regular intervals to review the risk profile of the Company.

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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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 description	Stages
<b>Performing</b>		
High grade	0 dpd* to 30 dpd*	Stage 1
Standard grade	31 to 90 dpd*	Stage 2
<b>Non-performing</b>		
Individually impaired	90+ dpd*	Stage 3

\* dpd indicates days past due.

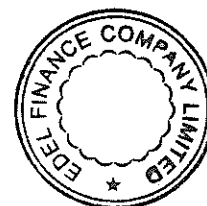
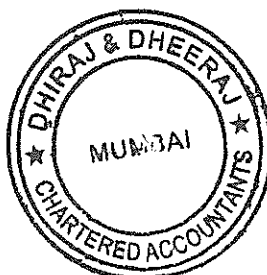
Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Expected Credit Loss (ECL) computation is not driven by any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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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

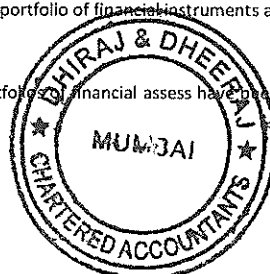
The Group is expected to obtain reasonable and supportable information that is available without undue cost or effort. Keeping in mind the above requirement macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database 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.





## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency : Indian rupees in millions)

#### 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, 2023

Particulars	Financial services	Government	Manufacturing	Retail and wholesale	Oil & gas	Services	Others	Total
<b>Financial Assets</b>								
Cash and bank balances	3,748.17	-	-	-	-	-	-	3,748.17
Derivative financial instruments	-	-	-	-	-	-	-	-
Stock in trade	2,138.72	-	-	-	-	-	-	2,138.72
Trade receivables	391.88	-	-	-	-	-	-	391.88
Loans	11,314.08	-	-	5,854.18	-	24,518.91	-	41,687.17
Investments	27,835.48	-	-	-	-	-	-	27,835.48
Other financial assets	1,237.41	-	-	192.07	0.09	-	-	1,429.57
<b>Total</b>	<b>46,665.74</b>	<b>-</b>	<b>-</b>	<b>6,046.25</b>	<b>0.09</b>	<b>24,518.91</b>	<b>-</b>	<b>77,230.99</b>
Other Commitments	384.95	-	-	-	-	1,399.92	-	1,784.87

##### Industry analysis - Risk concentration as at March 31, 2022

Particulars	Financial services	Government	Manufacturing	Retail and wholesale	Oil & gas	Services	Others	Total
<b>Financial Assets</b>								
Cash and bank balances	6,238.10	-	-	-	-	-	-	6,238.10
Derivative financial instruments	17.16	-	-	-	-	-	-	17.16
Securities held for trading	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
<b>Total</b>	<b>34,812.51</b>	<b>-</b>	<b>-</b>	<b>34,663.04</b>	<b>-</b>	<b>7,678.45</b>	<b>-</b>	<b>77,154.00</b>
Other Commitments	281.58	-	-	-	-	-	-	281.58

##### 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, 2023	For the year ended March 31, 2022
Amortised costs of financial assets modified during the year	-	1,279.54
Net modification gain / (loss)	-	67.05



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

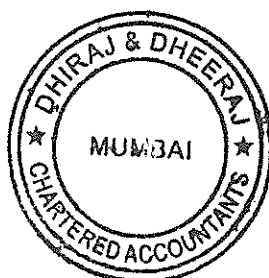
(Currency : Indian rupees in millions)

#### 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, 2023	March 31, 2022	
<b>Financial assets</b>			
Trade Receivables	391.88	220.75	Fixed deposits and other assets
<b>Loans:</b>			
Corporate and Retail Credit	39,042.06	38,501.73	Investment and other tangible assets
Debt instruments and other investments at amortised cost	1,502.47	2,120.59	Investments and Book debts
<b>Total financial assets at amortised cost</b>	<b>40,936.41</b>	<b>40,843.07</b>	
Derivative financial instruments	-	17.16	Margin money
Financial assets at FVTPL	15,470.51	14,285.19	Tangible assets
<b>Total financial instruments at fair value through profit or loss</b>	<b>15,470.51</b>	<b>14,302.35</b>	
<b>Total Financial assets</b>	<b>56,406.92</b>	<b>55,145.42</b>	
Other commitments	3,604.27	1,153.49	Tangible assets
<b>Total</b>	<b>60,011.19</b>	<b>56,298.91</b>	



## 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):

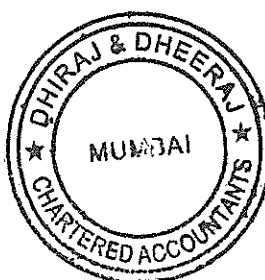
##### 55.D.5 Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

As at March 31, 2023

Particulars	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
Loans	8,193.03	7,500.78	692.25	816.33
<b>Total financial assets at amortised cost</b>	<b>8,193.03</b>	<b>7,500.78</b>	<b>692.25</b>	<b>816.33</b>
Loan commitments	3.11	0.54	2.57	4.00
Financial guarantee contracts	386.99	0.09	386.90	386.90
<b>Total</b>	<b>8,583.13</b>	<b>7,501.41</b>	<b>1,081.72</b>	<b>1,207.23</b>

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
<b>Total financial assets at amortised cost</b>	<b>3,138.05</b>	<b>2,542.82</b>	<b>595.23</b>	<b>595.23</b>
Loan commitments	3.94	1.68	2.26	6.53
Financial guarantee contracts *	281.58	0.09	281.49	-
<b>Total</b>	<b>3,423.57</b>	<b>2,544.59</b>	<b>878.98</b>	<b>601.76</b>



## 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.

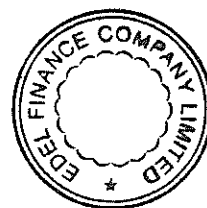
To manage the stressed circumstances the Group has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities, Mutual Funds and Quoted Equity Shares. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting 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, 2023 - 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
<b>Financial Assets</b>						
Cash and cash equivalent and other bank balances	2,250.10	27.27	1,042.96	85.87	341.97	3,748.17
Stock-in-trade	2,046.10	1.30	37.33	26.72	27.27	2,138.72
Trade receivables	391.88	-	-	-	-	391.88
Loans	8,939.00	2,041.02	6,942.95	15,167.47	8,596.73	41,687.17
Investment at fair value through profit or loss	118.78	115.56	308.59	7,065.28	5,217.21	12,825.42
Investments at amortised cost	6,603.76	-	-	1,589.36	6,816.95	15,010.06
Other financial assets	403.85	19.00	5.02	247.00	754.70	1,429.57
<b>Total undiscounted non- derivative financial assets</b>	<b>20,753.46</b>	<b>2,204.15</b>	<b>8,336.85</b>	<b>24,181.70</b>	<b>21,754.83</b>	<b>77,230.99</b>
<b>Non-derivative financial liabilities</b>	<b>Upto 3 Months</b>	<b>3 to 6 Months</b>	<b>6 Months to 1 year</b>	<b>1 year to 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Trade payables	401.88	-	-	-	-	401.88
Debt securities	6,169.99	387.00	3,765.68	19,659.50	10,085.12	40,067.29
Borrowings (other than debt securities)	2,272.00	1,047.75	4,636.74	18,260.17	2,533.78	28,750.44
Subordinated Liabilities	-	391.50	56.25	622.38	-	1,070.13
Other financial liabilities	926.88	1,343.66	1,020.06	3,893.08	5,207.79	12,391.47
<b>Total undiscounted non- derivative financial liabilities</b>	<b>9,770.75</b>	<b>3,169.91</b>	<b>9,478.73</b>	<b>42,435.13</b>	<b>17,826.69</b>	<b>82,681.21</b>

#### 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
<b>Financial Assets</b>						
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	7,372.82	41,863.55
Investments at fair value through profit or loss	4,410.15	110.43	22.08	4,402.28	1,978.43	10,923.37
Investments	-	-	-	11,391.10	3,513.95	14,905.05
Other financial assets	402.04	-	12.89	24.88	316.48	756.29
<b>Total undiscounted non- derivative financial assets</b>	<b>14,160.42</b>	<b>2,282.37</b>	<b>10,335.09</b>	<b>37,144.70</b>	<b>13,214.26</b>	<b>77,136.84</b>
<b>Non-derivative financial liabilities</b>	<b>Upto 3 Months</b>	<b>3 to 6 Months</b>	<b>6 Months to 1 year</b>	<b>1 year to 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Trade payables	233.64	97.13	-	-	-	330.77
Debt securities	13,190.90	491.60	5,081.55	1,443.48	12,498.93	32,706.46
Borrowings (other than debt securities)	4,719.36	1,591.31	8,764.62	22,782.37	561.13	38,418.79
Subordinated Liabilities	-	7.05	2,290.75	112.50	465.89	2,876.19
Other financial liabilities	1,349.89	361.99	803.98	3,301.14	3,863.97	9,680.97
<b>Total undiscounted non- derivative financial liabilities</b>	<b>19,493.79</b>	<b>2,549.08</b>	<b>16,940.90</b>	<b>27,639.49</b>	<b>17,389.92</b>	<b>84,013.18</b>



## 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, 2023

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	-	-	-	-	-	-
Total	-	-	-	-	-	-

##### 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)

##### Contractual expiry of commitments

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

##### As at March 31, 2023

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	989.95	56.06	105.33	584.20	0.38	1,735.92
	980.05	56.06	106.33	584.20	0.38	1,736.02

##### 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



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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, 2023 and at March 31, 2022

###### Interest rate sensitivity

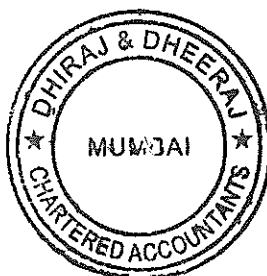
	2022-23					
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax	Effect on Equity
INR Loans	0.25	54.68	-	0.25	(54.68)	-
INR Borrowing	0.25	(81.29)	-	0.25	81.29	-
	2021-22					
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
INR Loans	25	(19.04)	(8.11)	25	19.04	8.11
INR Borrowing	0.25	0.28	-	0.25	(0.28)	-

###### 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).

	2022-23					
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
USD	25	4.50	-	25	(4.50)	-
	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	-	-



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (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.

	2022-23					
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Derivative financial instruments	5	-	-	5	-	-
Others	5	5.88	-	5	(5.88)	-

	2021-22					
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Derivatives	5	(0.60)	-	5	0.60	-
Others	5	65.09	-	5	(65.09)	-

###### 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.

	2022-23					
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Derivatives	25	-	-	25	-	-

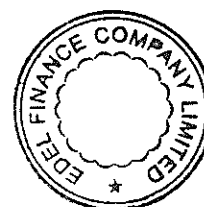
	2021-22					
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Derivatives	25	-	-	25	-	-

###### Other price risk

	2022-23					
	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Others	5	224.18	-	5	(224.18)	-

	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)	-



## Edel Finance Company Limited

### Notes to the consolidated financial statements for the year ended 31 March 2023 (Continued)

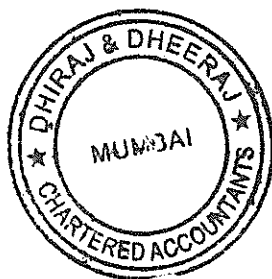
(Currency : Indian rupees in millions)

#### 56. Composition of the Group

Sr.	Name of the Entity	Note	Country of Incorporation	Proportion of ownership interest as at March 31, 2023	Proportion of ownership interest as at March 31, 2022
<b>Subsidiaries:</b>					
1	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)( NHFL)		India	95.00%	95.00%
2	Edelweiss Investment Adviser Limited		India	100.00%	100.00%
3	EC Commodity Limited		India	-	0.00%
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	a	India	73.76%	70.97%
<b>Associate</b>					
1	ECap Equities Limited (formerly Edel Land Limited)		India	52.31%	52.31%

#### Notes:

- a. With effect from 12 October 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 70.97% to 73.76% and same has be consolidated accordingly.





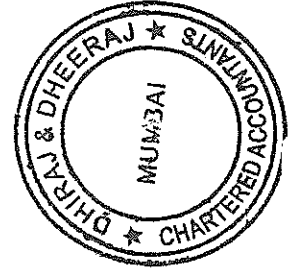
# Edel Finance Company Limited

Notes to the consolidated financial statements for the year ended 31 March 2023 (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)
<b>Parent</b>									
	Edel Finance Company Limited	402.95%	15,235.11	(32.75)%	654.02	(23.27)%	0.14	(32.75)%	654.16
<b>Subsidiaries</b>									
<b>Indian</b>									
Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)( NHFL)									
1	Finance Limited)( NHFL)	210.13%	7,944.68	(8.04)%	160.63	(392.23)%	2.36	(8.16)%	162.99
2	Edelweiss Investment Adviser Limited	(111.06)%	(4,198.95)	58.76%	(1,173.21)	28.25%	(0.17)	58.75%	(1,173.38)
3	Edelweiss Rural & Corporate Services Limited	114.41%	4,325.56	98.59%	(1,968.55)	453.72%	(2.73)	98.69%	(1,971.28)
4	Comtrade Commodities Services Limited (Formerly known as Edelweiss Comtrade Limited)	0.19%	7.04	0.23%	(4.64)	33.24%	(0.20)	0.24%	(4.84)
5	Allium Finance Private Limited	34.68%	1,311.34	(1.84)%	36.71	0.00%	-	(1.84)%	36.71
<b>Non-Controlling Interests</b>									
	Non-Controlling Interests	19.59%	740.54	(0.92)%	18.32	(19.66)%	0.12	(0.92)%	18.44
	Adjustments arising out of consolidation	(558.50)%	(21,116.38)	-19.34%	386.25	19.94%	(0.12)	-19.33%	386.13
<b>Associate (Investment as per the equity method) - Indian</b>									
	ECap Equities Limited (formerly Edel Land Limited)	(12.38)%	(468.03)	5.32%	(106.31)	0.00%	-	5.32%	(106.31)
	<b>Total</b>	<b>100.00%</b>	<b>3,780.91</b>	<b>100.00%</b>	<b>(1,996.78)</b>	<b>100.00%</b>	<b>(0.60)</b>	<b>100.00%</b>	<b>(1,997.38)</b>



# Edel Finance Company Limited

## Notes to the consolidated financial statements for the year ended 31 March 2023 (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 (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.

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 (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)

During the year, the Group has taken loans from its holding company and given loan to its subsidiary/ 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).

For March 31, 2023

Name of Lender	Nature	Date	Rs. in millions	Name of Company in which Investment done by the Company	Nature	Date	Rs. in millions	Remarks
Ecsp Equities Limited (Formerly known as Edel Land Limited)(ELI)	Loan Taken	Various Dates	320.10	ICFIF	Investment A-F Units	27-Mar-23	320.20	1) ELI is associate of ERCSL and ICFIF is fellow subsidiary of ERCSL.
			270.00	Edelweis Alternative Asset Advisors Limited (EAAA)	Loan Given	28-Mar-23	270.00	1) Ecsp Equities Limited is associate of ERCSL and EAAA is fellow subsidiary of ERCSL.
			1,048.10	Edelweis Alternative Asset Advisors Limited (EAA)	Loan Given	Various Dates	1,048.10	1) ELI is associate of ERCSL and EAA is subsidiary of ERCSL.
ECCL Finance Limited (ECCLF)	Loan Taken	Various Dates	386.70	Ecsp Equities Limited (Formerly known as Edel Land Limited)(ELI)	Loan Given	Various Dates	386.70	1) ECCL Finance is fellow subsidiary of ERCSL and ELI is an associate of ERCSL. 2) ERCSL has repaid its borrowing from ECCLF and ELI has repaid its borrowing to ERCSL.
Edel Finance Company Limited (EFCL)	Loan Taken	Various Dates	450.00	Edelcap Securities Limited (Edelcap)	Loan Given	Various Dates	450.00	1) EFCL is holding company of ERCSL and Edelcap is subsidiary of ERCSL. 2) Edelcap has repaid its borrowing from ERCSL.
			209.00	Edelweis Securities & Investments Private Limited (ESIPL)	Loan Given	Various Dates	209.00	1) EFCL is holding company of ERCSL and ESIPL is subsidiary of ERCSL. 2) ESIPL has repaid its borrowing from ERCSL.
Edel Investments Limited (EIL)	Loan Taken	Various Dates	750.00	Nuvama Wealth and Investment Limited (EWI)	Loan Given	Various Dates	750.00	1) EIL is fellow subsidiary of ERCSL and EWI is associate of EPL. 2) Borrowings from EIL has been repaid by ERCSL. EWI has repaid its borrowing to ERCSL.
Edelcap Securities Limited (Edelcap)	Loan Taken	7 Apr-22	250.00	Nuvama Wealth and Investment Limited (EWI)	Loan Given	Various Dates	250.00	1) Edelcap is fellow subsidiary of ERCSL and EWI is associate of EPL. 2) Borrowings from Edelcap has been repaid by ERCSL. EWI has repaid its borrowing to ERCSL.
Edelweis Financial Services Limited (EFSL)	Loan Taken	28-Dec-22	957.09	ICFIF	Investment A-F Units	28-Dec-22	957.09	1) EFSL is ultimate holding company of ERCSL and ICFIF is fellow subsidiary of ERCSL.
	Loan Taken	Various Dates	1,750.00	Edelweis Retail Finance Limited (ERFL)	Loan Given	20-Dec-22	1,750.00	1) EFSL is ultimate holding company of ERCSL and ERFL is fellow subsidiary of ERCSL. ERFL has repaid its borrowing from ERCSL.
	Loan Taken	Various Dates	450.00	Ecsp Equities Limited (Formerly known as Edel Land Limited)(ELI)	Loan Given	Various Dates	450.00	1) EFSL is ultimate holding company of ERCSL and ELI is associate of ERCSL. ELI has repaid its borrowing to ERCSL.
NHF Home Finance Limited (Formerly known as Edelweis Housing Finance Limited)(NHFL)	Loan Taken	Various Dates	4,490.00	Ecsp Equities Limited (Formerly known as Edel Land Limited)(ELI)	Loan Given	Various Dates	4,490.00	1) NHFL is subsidiary of ERCSL and ELI is associate of ERCSL. ERCSL has repaid its borrowing from NHFL. ELI has repaid its borrowing to ERCSL.

For March 31, 2022

Name of Lender	Nature	Date	Rs. in millions	Name of Company in which Investment done by the Company	Nature	Date	Rs. in millions	Remarks
Edelweis Financial Services Limited (EFSL)	Loan Taken	Various dates	8,200	EC Finance Limited (EC Finance)	Loan Given	Various dates	8,200	1) EFSL is ultimate holding company of Edelweis Rural & Corporate Services Limited (ERCSL) and EC Finance is subsidiary of EFSL and is fellow subsidiary of ERCSL. 2) EC Finance has repaid ₹ 7,820 million back to ERCSL and ERCSL has also repaid the same back to EFSL.
Edelweis Financial Services Limited (EFSL)	Loan Given	9 Jun-22	1,130	Ecsp Equities Limited (Formerly Edel Land Limited)	Loan Given	9 Jun-22	1,130	1) EFSL is ultimate holding company of ERCSL and Edel Land is wholly owned subsidiary of EFSL and fellow subsidiary of ERCSL. 2) Edel Land has repaid ₹ 1,130 million back to ERCSL and ERCSL 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 (EC-NHFL) of borrowing/lending/ investment to and from its holding/subsidiary/ fellow subsidiary/ group entity(ies) (together referred to as the "Group") or borrowing from outside the Group for onward lending/ investments for carrying on the 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 consolidated financial statements for the year ended 31 March 2023 (Continued)

(Currency: Indian rupees in millions)

### 59. Other Additional Regulatory Information

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

The Group does 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	For March 31, 2023		For March 31, 2022	
	Amount of loan or advance in the nature of loan	Percentage to the total Loans and Advances of loan outstanding	Amount of loan or advance in the nature of loan	Percentage to the total Loans and Advances in the nature of loans
Promoters	Nil	NA	Nil	NA
Directors	Nil	NA	Nil	NA
KMPs	Nil	NA	Nil	NA
Related Parties	Nil	NA	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, 2023			
Name of struck off Company	Nature of	Balance	Relationship with the
Anshat Organization Development Consultancy Pvt Ltd	Professional Fees	Nil	Vendor
Glossy Creation Private Limited	Receivables	0.19	Client
Shams Cable Network	Office expense	Nil	Vendor
Kamal Enterprises	Miscellaneous	Nil	Vendor
M.R.D ENTERPRISES	Repairs &	Nil	Vendor

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

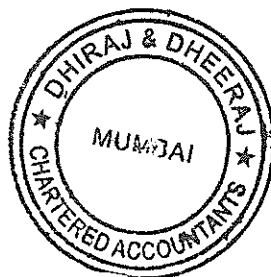
#### 59.7. Undiscovered income

The Group does not have any transaction in 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 2023 (Continued)

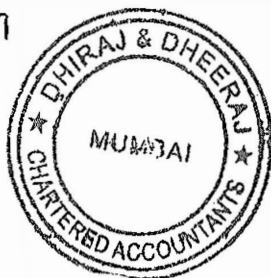
(Currency : Indian rupees in millions)

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. Pursuant to the Amendment Agreement dated March 9, 2023 to the Amended and Restated Shareholders' Agreement dated March 18, 2021 between Edelweiss Financial Service Ltd (Holding Company), Edelweiss Global Wealth Management Limited, PAGAC Ecstasy Pte Ltd and Nuvama Wealth Management Limited (formerly Edelweiss Securities Limited), the amendment to the articles of association of Nuvama Wealth Management Limited and the appointment of independent trustee, Nuvama Wealth Management Limited and its subsidiary Companies ceased to be associate of the Company w.e.f. March 30, 2023. Accordingly, pursuant to Ind AS 28 - 'Investments in Associates and Joint Ventures', Company's retained interest in Nuvama Wealth Management Limited has been recorded at fair value as at March 31, 2023.
62. "Nuvama Clearing Services Limited ("NCSL") (Formerly known as Edelweiss Custodial Services Limited), an erstwhile associate of the Edelweiss Financial Services Company Limited (EFSL) challenged an order, by an investigating agency, marking lien on its clearing account, before the 47th Additional Chief Metropolitan Magistrate Court, Mumbai ("ACMM"). Since the investigation against Anugrah Stock and Broking Pvt. Ltd. ("trading member"), for which NCSL was a clearing member, is still under process, the said Court contended that it had no objection to setting aside the lien order, upon NCSL providing an undertaking to keep sufficient assets unencumbered. The above case which is pending for hearing before ACMM, has now been transferred to the City Civil & Sessions Court under Maharashtra Protection of Interest of Depositors (in Financial Establishments) Act, 1999 (MPID). During the quarter ended March 2023, hearing has happened with Securities Appellate Tribunal with respect to NCSL's application made to SAT for challenging NCL's perverse order against NCSL; and the said hearing has been concluded and for which no order or further directions from SAT have yet been received. The matter is sub-judice and has been listed for further hearing and there is no further update on this matter during the quarter. On behalf of NCSL, the Group has provided the undertaking to keep sufficient unencumbered assets amounting to ₹ 2,870 million belonging to the Company and the said lien has been set aside. The Company has been represented by NCSL that it has acted in accordance with the agreement entered with the trading member and in accordance with applicable laws and regulations. Accordingly, there is no adjustment required in the financial results for the quarter and year ended March 31, 2023.
63. During the previous 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 ("ERCSL") 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. The Income Tax Authorities ("the Department") had conducted a search under section 132 of the Income Tax Act, 1961 on the premises of the Company during March 2023. The Company had provided the requisite details which were sought by the Income tax authorities during the course of the search. Subsequently, the Company has received summons under section 131 (1A) of the Income Tax Act, 1961 seeking certain data/information, which the Company is in the process of responding. The Company confirms that neither the Department has raised any tax demand nor the Company has admitted any tax liability. Further, no proceeding or assessment orders have been issued post the search conducted by the Department. While uncertainty exists regarding the outcome of the proceedings by the Department, the Company is extending its full cooperation with the concerned income tax authorities and based on current internal assessment management is of the view that this will not have any impact on the Company's financial statements for the year ended March 31, 2023.
65. During the year ended March 31, 2023, Nido Home Finance Limited (formerly known as Edelweiss Housing Finance Limited), one subsidiary of the Company, had sold certain financial assets amounting to ₹ 129.8 millions (net of provisions and losses), to asset reconstruction company trust ("ARC Trust") and acquired security receipts (SR) amounting to ₹ 110.3 millions from these ARC Trusts. Ind AS 109 - 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial result. Edelweiss Financial Services Limited (EFSL), the ultimate holding company had undertaken substantially all risks and rewards in respect of such financial assets. As a result, these financial assets were de-recognized in the Company's financial result.
66. Nido had initiated sale of certain credit impaired financial assets before March 31, 2023 and for which definitive contracts were executed post the balance sheet date. These financial assets sold after March 31, 2023, amounted to ₹ 205.7 millions (net of provisions and losses) to asset reconstruction company trust (ARC Trust). As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets. Accordingly, on account of subsequent sale to and recovery from ARC Trust of such credit impaired assets, management has recorded such financial assets as recoverable and not as credit impaired financial assets. EFSL, the ultimate holding Company has, undertaken substantially all risks and rewards in respect of these financial assets aggregating to ₹ 174.8 millions. As at March 31, 2023, there are no impact on the financial statements of the Nido other than expected credit loss recorded in the statement of Profit and Loss for the year ended March 31, 2023 amounting to ₹ 5.3 millions.
67. 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 Dhiraaj & Dheeraaj  
Chartered Accountants  
ICAI Firm Registration Number: 102454W


  
Shalindra Dadhich  
Partner  
Membership No: 425098



For and on behalf of the Board of Directors

  
Ananya Suneja  
Executive Director & CFO  
DIN: 07297081

  
Vidya Shah  
Director  
DIN : 00274831

  
Tarun Khurana  
Company Secretary

Mumbai May 24, 2023

Mumbai May 24, 2023





**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, 2023, 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, 2023, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

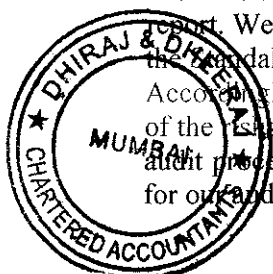
#### **Basis for Opinion**

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 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.

#### **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, 2023. 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
(a) Impairment of investments in subsidiary and other group companies (as described in Note 9(a), 9(b) & 9(c) of the Standalone financial statements)	
<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. 17791.51 million in form of equity shares of Rs. 8290.70 million, compulsorily convertible preference shares of Rs. 500.00 million and compulsorily convertible debentures of Rs. 9,000.81 million. The Company has also invested in form of equity shares of Rs.5029.39 million in other group companies and Rs 2,000.18 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 group companies as a key audit matter due to the high degree of management's judgement involved in estimation of the recoverable amount of such investments, the inherent uncertainty relating to the assumptions supporting such estimates and the significance of the investments to the overall Standalone financial statements.</p>	<p>Our audit procedures included considering the appropriateness of the processes laid down by the management for assessment of impairment in the value of investments in subsidiary and other group companies combined with procedures performed as follows:</p> <ul style="list-style-type: none"> <li>• We considered management's assessment of impairment from the management experts wherever considered necessary and assessed whether any impairment indicators existed for investment in individual subsidiary and other group companies.</li> <li>• We traced the net-worth of the individual subsidiary and other group companies from their financial statements.</li> <li>• We assessed the disclosures relating to investments in subsidiary and other group companies included in the Standalone financial Statements in accordance with the Requirements of Ind AS.</li> </ul>

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.

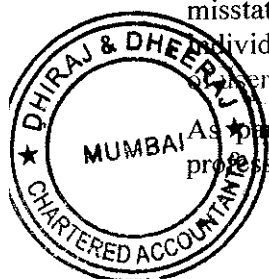
In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate 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, 2023 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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, 2023 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 36 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;
    - ii. 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 42 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, whether, 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 42 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.

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

  
**Shailendra Dadhich**

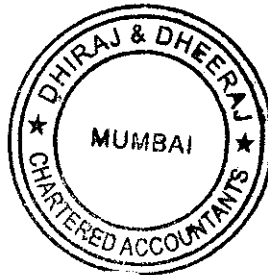
Partner

Membership Number: 425098

Place: Mumbai

Date: 24<sup>th</sup> May, 2023

UDIN: 23425098BGWWUV4016



**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.

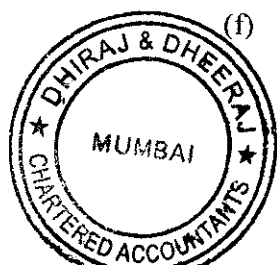
(b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the loans given are, prima facie, not prejudicial to the interest of the Company.

(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.



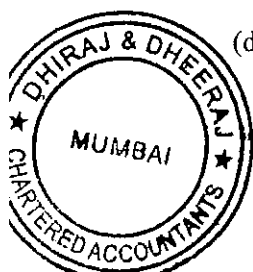
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. The company has not accepted any deposits from the public within the meaning of Sections 73, 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, 2023 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, 2023 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	484.04	-	AY 2018-19	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	33.59	-	AY 2020-21	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	47.64	-	AY 2020-21	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, no funds have been raised on short term basis.



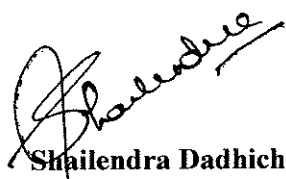
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiary, 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 are not applicable to the Company.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- (c) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, and as represented to us by the management, no whistle-blower complaints have been received during the year by the company. Accordingly, the reporting under Clause (xi)(c) of the Order is not applicable to the company.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. a) In our opinion and according to the information and explanation given to us, there is internal audit system commensurate with the size and nature of its business,
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) According to the information and explanations given to us, we report that the Company being a CIC company has registered under section 45-iA of the Reserve Bank of India Act, 1934.
- (b) The company has conducted non-banking financial Core Investment company (CIC) activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934 during the year.



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 incurred cash losses of Rs.32.13 crores in the current financial year, there were no cash losses in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year, hence this clause is not applicable;
- 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. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses (xx) (a) and (xx) (b) of the Order are not applicable.
- xxi. The reporting under Clause (xxi) of the Order is not applicable in respect of audit of Financial Statements of the company. Accordingly, no comment in respect of the said clause has been included in this report.

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

  
**Shailendra Dadhich**

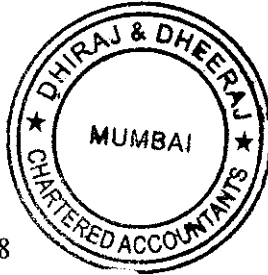
Partner

Membership Number: 425098

Place: Mumbai

Date: 24<sup>th</sup> May, 2023

UDIN: 23425098BGWWUV4016



## **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, 2023 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**

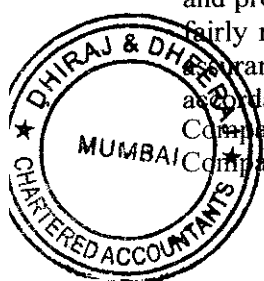
Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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; (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.

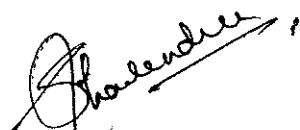
### **Opinion**

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, 2023, 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



**Shailendra Dadhich**

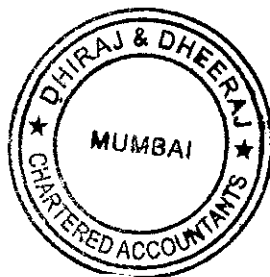
Partner

Membership Number: 425098

Place: Mumbai

Date: 24<sup>th</sup> May, 2023

UDIN: 23425098BGWWUV4016





# Edel Finance Company Limited

## Balance Sheet as at March 31, 2023

(Currency: Indian rupees in millions)

	Note	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
(a) Cash and cash equivalents	7	20.63	10.93
(b) Loans	8	9,549.53	1,880.91
(c) Investments	9	31,802.86	27,594.14
(d) Other financial assets	10	2.21	2.33
<b>Total financial assets</b>		<b>41,375.23</b>	<b>29,488.31</b>
<b>Non-financial assets</b>			
(a) Current tax assets (net)	11	411.99	311.92
(b) Deferred tax assets (net)	12	246.67	455.45
(c) Property, Plant and Equipment	13	2.24	2.42
(d) Other non- financial assets	14	2.80	0.74
<b>Total non-financial assets</b>		<b>663.70</b>	<b>770.53</b>
<b>TOTAL ASSETS</b>		<b>42,038.93</b>	<b>30,258.84</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
(a) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	16.28	17.24
(b) Debt securities	16	14,810.11	6,691.33
(c) Borrowings (other than debt securities)	17	11,775.09	10,771.37
(d) Subordinated liabilities	18	161.12	161.12
(e) Other financial liabilities	19	7.21	8.85
<b>Total financial liabilities</b>		<b>26,769.81</b>	<b>17,649.91</b>
<b>Non-financial liabilities</b>			
(a) Current tax liabilities (net)	20	18.15	18.16
(b) Provisions	21	0.08	0.01
(c) Other non-financial liabilities	22	15.78	9.81
<b>Total non-financial liabilities</b>		<b>34.01</b>	<b>27.98</b>
<b>Equity</b>			
(a) Equity share capital	23	7,566.75	5,566.75
(b) Instruments entirely equity in nature	24	1,650.00	1,650.00
(c) Other equity	25	6,018.36	5,364.20
<b>Total equity</b>		<b>15,235.11</b>	<b>12,580.95</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,038.93</b>	<b>30,258.84</b>

The accompanying notes are an integral part of the financial statements

1 to 56

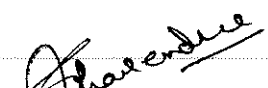
As per our report of even date attached

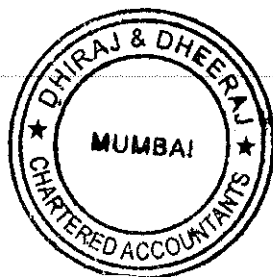
For Dhiraj & Dheeraj


Chartered Accountants


ICAI Firm Registration Number: 102454W


For and on behalf of the Board of Directors

  
Shalendra Dadhich  
Partner  
Membership No: 425098



  
Ananya Suneja  
Executive Director & CFO  
DIN : 07297081

  
Vidya Shah  
Director  
DIN : 00274831

  
Tarun Khurana  
Company Secretary



Mumbai May 24, 2023

Mumbai May 24, 2023

# Edel Finance Company Limited

## Statement of Profit and Loss for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	26	662.61	252.37
Fee income	27	0.09	-
Net gain on fair value changes	28	1,916.30	944.90
<b>Total revenue from operations</b>		<b>2,579.00</b>	<b>1,197.27</b>
<b>Other income</b>	29	526.92	689.33
<b>Total Revenue</b>		<b>3,105.92</b>	<b>1,886.60</b>
<b>Expenses</b>			
Finance costs	30	2,184.91	1,766.47
Impairment on financial instruments	31	30.80	5.33
Employee benefits expense	32	2.69	11.38
Depreciation and amortisation	13	0.14	2.07
Other expenses	33	24.58	43.82
<b>Total expenses</b>		<b>2,243.12</b>	<b>1,829.07</b>
<b>Profit / (Loss) before tax</b>		<b>862.80</b>	<b>57.53</b>
Tax expenses			
(1) Current tax			
a) Current Tax	34	-	-
b) Adjustment in respect of current income tax of prior years	34	-	0.14
		<b>-</b>	<b>0.14</b>
(2) Deferred tax expense / (credit) (net)	34	208.78	(164.43)
<b>Total Tax</b>		<b>208.78</b>	<b>(164.29)</b>
<b>Profit / (Loss) for the year</b>		<b>654.02</b>	<b>221.82</b>
<b>Other comprehensive income / (loss)</b>			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans (OCI)		0.14	(0.96)
Income tax - OCI - that will not be reclassified		-	0.24
<b>Total</b>		<b>0.14</b>	<b>(0.72)</b>
<b>Total comprehensive income / (loss)</b>		<b>654.16</b>	<b>221.10</b>
<b>Earnings per equity share (Face value of Rs. 100 each):</b>			
(1) Basic (₹)	35	9.04	3.07
(2) Diluted (₹)	35	9.04	3.07

The accompanying notes are an integral part of the financial statements 1 to 56

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

Ananya Suneja  
Executive Director & CFO  
DIN : 07297081

Vidya Shah  
Director  
DIN : 00274831

Tarun Khurana  
Company Secretary



# Edel Finance Company Limited

Statement of Changes in Equity for the year ended March 31, 2023

(Currency: Indian rupees in millions)

## A. Equity Share Capital

	For the year ended March 31, 2023				For the year ended March 31, 2022			
	Outstanding as on April 1, 2022	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, 2023	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, subscribed and paid up (Equity shares of Rs. 100 each, fully paid-up)	5,566.75	-	-	2,000.00	7,566.75	5,566.75	-	-
								5,566.75

## B. Other Equity

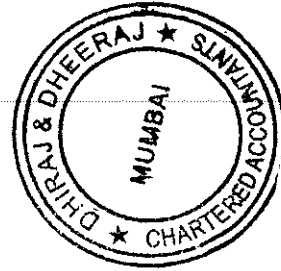
	Capital Reserves	Capital redemption reserve	Securities Premium	Statutory Reserve	Retained Earnings	Deemed Capital Contribution-Equity	Impairment Reserve	Total Attributable to equity holders
Balance as at March 31, 2021	(3,999.11)	84.34	4,485.38	1,238.59	3,299.38	2.25	32.27	5,143.10
Changes in accounting 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	(3,999.11)	84.34	4,485.38	1,238.59	(0.72)	-	-	(0.72)
Transfer to statutory reserve	-	-	-	44.36	(44.36)	-	-	-
Deemed distribution during the year	-	-	-	-	-	-	-	-
Transfer to impairment reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	(3,999.11)	84.34	4,485.38	1,282.95	3,476.12	2.25	32.27	5,364.20
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-
Restated balance as at March 31, 2022	(3,999.11)	84.34	4,485.38	1,282.95	3,476.12	2.25	32.27	5,364.20
Profit for the year	-	-	-	-	654.02	-	-	654.02
Other comprehensive loss	(3,999.11)	84.34	4,485.38	1,282.95	0.14	-	-	0.14
Transfer to statutory reserve	-	-	-	130.81	(130.81)	-	-	-
Deemed distribution during the year	-	-	-	-	-	-	-	-
Transfer to impairment reserve	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	(3,999.11)	84.34	4,485.38	1,413.76	3,999.47	2.25	32.27	6,018.36

As per our report of even date attached.

The accompanying notes 1 to 56 are an integral part of the financial statements

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

*Shailendra Dhadich*  
Partner  
Membership No: 425098



For and on behalf of the Board of Directors

*Aditya Juneja*  
Executive Director & CFO  
DIN : 0297081

*Tarun Khurana*  
Company Secretary

Mumbai May 24, 2023



**Edel Finance Company Limited**
**Statement of Cash flows for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A Cash flow from operating activities</b>		
Profit / (Loss) before tax	862.80	57.53
<b>Adjustments for:</b>		
Depreciation and amortisation	0.14	2.07
Profit on sale of investments	(448.85)	(961.36)
Impairment on financial instruments	30.80	5.33
Fair value of financial instruments	(1,215.61)	(601.98)
Provision for gratuity and compensated absences	0.21	(1.98)
Profit on sale of fixed assets (net)	(0.08)	(0.04)
<b>Operating cash flow before working capital changes</b>	<b>(770.59)</b>	<b>(1,500.43)</b>
<b>Adjustments for:</b>		
Decrease / (increase) in trade and other receivables	-	53.66
Decrease / (increase) in other financial assets	0.12	45.72
Decrease / (increase) in loans	(7,699.42)	6,558.78
Sale/ (purchase) of Investments	(2,544.26)	(5,990.59)
Decrease / (increase) in other non financial assets	(2.06)	4.01
Increase / (decrease) in trade payables	(0.96)	(23.65)
Increase / (decrease) in non financial liabilities	5.97	(9.53)
Increase / (decrease) in other financial liabilities	(1,256.58)	(243.67)
<b>Cash used in operating activities</b>	<b>(12,267.78)</b>	<b>(1,105.70)</b>
Income taxes (paid) (net of refund)	(100.05)	18.44
<b>Net cash used in operating activities - A</b>	<b>(12,367.83)</b>	<b>(1,087.26)</b>
<b>B Cash flow from investing activities</b>		
Proceeds from sale of property, plant and equipment and intangible assets	0.11	0.47
<b>Net cash generated from investing activities - B</b>	<b>0.11</b>	<b>0.47</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Share capital (including Securities Premium)	2,000.00	-
Proceeds / (repayment) from Debt securities (refer note 1 below)	9,445.79	(3,680.76)
Proceeds / (repayment) from Borrowings (other than debt securities) (refer note 1 below)	931.63	3,577.90
<b>Net cash (used in) / generated from financing activities - C</b>	<b>12,377.42</b>	<b>(102.86)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>9.70</b>	<b>(1,189.65)</b>
Cash and cash equivalent as at the beginning of the year	10.93	1,200.58
Cash and cash equivalent as at the end of the year	20.63	10.93

**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.
- Refer note 39 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

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

Ananya Suneja

Executive Director &amp; CFO

DIN : 07297081

Vidya Shah

Director

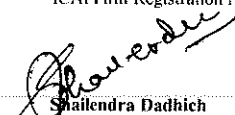
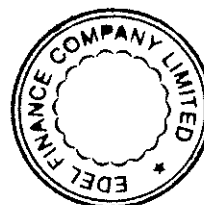
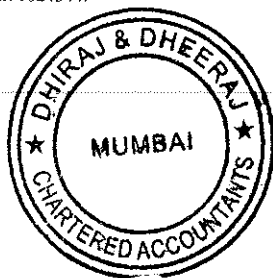
DIN : 00274831

Tarun Khurana

Company Secretary

Mumbai May 24, 2023

Mumbai May 24, 2023

  
**Shailendra Dadhich**  
Partner  
Membership No: 425098


## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

#### 1. Corporate information:

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

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

#### 2. Basis of preparation:

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

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

#### 3. Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in "Note 40-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.

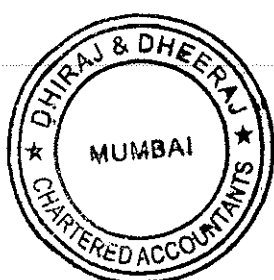
#### 4. Significant accounting policies

##### 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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

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:

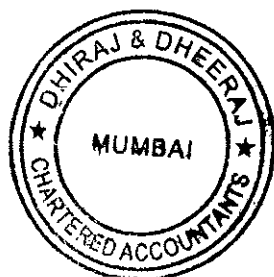
Financial assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

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.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

#### 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:

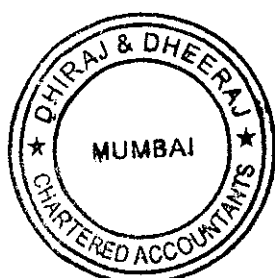
The Company measures debt issued and other borrowed funds at Amortised cost at each reporting date. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

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





## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

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

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

#### 4.3.8 Financial liabilities and equity instruments

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

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

#### 4.4 Reclassification of financial assets and liabilities

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

#### 4.5 Derecognition of financial Instruments:

##### 4.5.1 Derecognition of financial asset

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

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

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

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

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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

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.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

#### 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 categorises 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%.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

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:



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

#### Level 1 financial instruments:

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

#### Level 2 financial instruments:

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

#### Level 3 financial instruments:

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

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

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

#### 4.10 Operating leases:

##### Company as a lessee:

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

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

##### Right of use assets

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

##### Lease liability

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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

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:

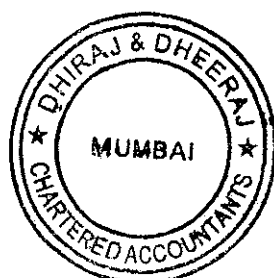
The Company contributes to a recognised provident fund and national pension scheme which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

##### 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.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

#### 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.

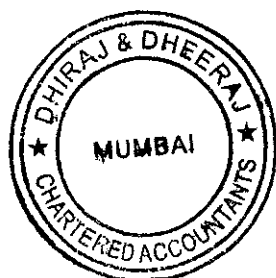
Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives. Depreciation is provided on a written down value basis from the date the asset is ready for its intended use or put to use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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

#### 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.





## **Edel Finance Company Limited**

### **Notes to the financial statements for the year ended March 31, 2023**

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.

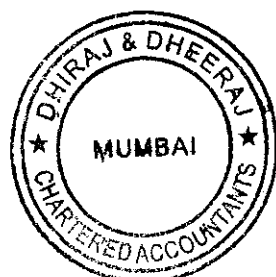
This estimation, by nature requires an element of judgement regarding the expected behaviour and life cycle of the instrument, as well expected changes India's base rate and other fee income, expenses that are integral part of the instrument

**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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EAD and LGD
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

#### 5.6 Impairment of Non-Financial assets:

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

#### 5.7 Provisions and contingent liabilities:

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

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

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

#### 5.8 Provisions for Income Taxes:

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

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

#### 5.9 Asset liability management:

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

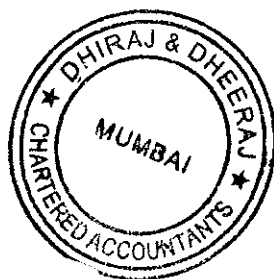
### 6. Standards issued but not yet effective :

- 6.1 The Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023 dated 31 March 2023 to amend the following Ind AS which are effective from 01 April 2023.

#### (i) Amendment to Ind AS 8 - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. It has also been clarified how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 April 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

The amendments are not expected to have a material impact on the Group's financial statements.

#### (ii) Amendment to Ind AS 1- Disclosure of Accounting Policies

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

Consequential amendments have been made in Ind AS 107.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

#### (iii) Amendment to Ind AS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under Ind AS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

Consequential amendments have been made in Ind AS 101.

The amendments to Ind AS 12 are applicable for annual periods beginning on or after 1 April 2023. The Group is currently assessing the impact of the amendments.

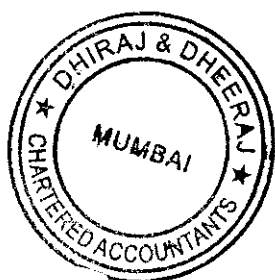


## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>7. Cash and cash equivalents</b>		
<b>Balances with banks</b>		
- in current accounts	20.63	10.93
	<b>20.63</b>	<b>10.93</b>

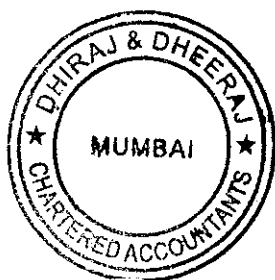


## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>8. Loans (at amortised cost)</b>		
<b>Term Loans;</b>		
Corporate credit - Related Party	9,587.88	1,888.46
<b>Total gross</b>	<b>9,587.88</b>	<b>1,888.46</b>
Less: Impairment loss allowance (Refer note 8.A)	(38.35)	(7.55)
<b>Total net</b>	<b>9,549.53</b>	<b>1,880.91</b>
<b>Collateral :</b>		
Unsecured	9,587.88	1,888.46
<b>Total gross</b>	<b>9,587.88</b>	<b>1,888.46</b>
Less: Impairment loss allowance (Refer note 8.A)	(38.35)	(7.55)
<b>Total net</b>	<b>9,549.53</b>	<b>1,880.91</b>
<b>Loans in India</b>		
Public sector	-	-
Others	9,587.88	1,888.46
<b>Total gross</b>	<b>9,587.88</b>	<b>1,888.46</b>
Less: Impairment loss allowance (Refer note 8.A)	(38.35)	(7.55)
<b>Total net</b>	<b>9,549.53</b>	<b>1,880.91</b>



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 8.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 without reducing impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 45.D.1 and policies on ECL allowances are set out in Note 4.6.

#### a) Credit quality of assets

Performing  
High grade

As at March 31, 2023				As at March 31, 2022			
Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
9,587.88	-	-	9,587.88	1,888.46	-	-	1,888.46
9,587.88	-	-	9,587.88	1,888.46	-	-	1,888.46

#### 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 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.

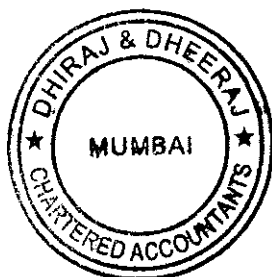
The 'New assets originated /repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions within the Company's lending portfolio.

#### Reconciliation / movement for the year ended March 31, 2023

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	1,888.46	7.55	-	-	-	-	1,888.46	7.55
New assets originated / (repayments) received (net)	7,699.42	30.80	-	-	-	-	7,699.42	30.80
Closing Balance	9,587.88	38.35	-	-	-	-	9,587.88	38.35

#### 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



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 9. Investments

#### 9.A Summary of Investments

As at March 31, 2023	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (subsidiaries/ fellow subsidiaries/)	Total (7)= (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
Equity instruments	-	-	4,103.16	-	4,103.16	24,821.08	28,924.24
Debt Securities	-	-	2,858.62	-	2,858.62	-	2,858.62
Preference Shares	-	-	-	-	-	20.00	20.00
<b>TOTAL - Gross (A)</b>	-	-	<b>6,961.78</b>	-	<b>6,961.78</b>	<b>24,841.08</b>	<b>31,802.86</b>
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	-	-	6,961.78	-	6,961.78	24,841.08	31,802.86
<b>Total (B)</b>	-	-	<b>6,961.78</b>	-	<b>6,961.78</b>	<b>24,841.08</b>	<b>31,802.86</b>
Less: Allowance for impairment (C)	-	-	-	-	-	-	-
<b>Total Net (A-C)</b>	-	-	<b>6,961.78</b>	-	<b>6,961.78</b>	<b>24,841.08</b>	<b>31,802.86</b>

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

Notes:

- 1) Please refer note 9.B & 9.C- Investment details for further details
- 2) Please refer note 44 - Fair value measurement for valuation methodology

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

##### i) Credit quality of assets:

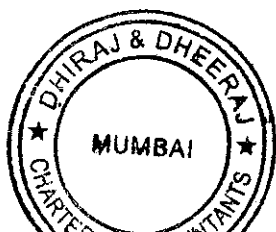
The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 45.D.1 and policies on ECL allowances are set out in Note 4.6.

Particulars	March 31, 2023				March 31, 2022			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Performing	20.00	-	-	20.00	-	-	-	-
High grade	-	-	-	-	-	-	-	-
	<b>20.00</b>	<b>-</b>	<b>-</b>	<b>20.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Particulars	March 31, 2023				March 31, 2022			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Gross carrying amount - opening balance	-	-	-	-	-	-	-	-
Assets acquired or recognised	20.00	-	-	20.00	-	-	-	-
Unwinding of discount (recognised in interest income)	-	-	-	-	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	-	-	-	-	-	-	-	-
Assets derecognised or matured	-	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>20.00</b>	<b>-</b>	<b>-</b>	<b>20.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Please refer note 9.C- Investment details for further details





**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

**9. Investments (continued)**
**9.C Scrip wise details of Investments**

	As at March 31, 2023			As at March 31, 2022		
	Face Value (Rs.)	Quantity	Amount	Face Value (Rs.)	Quantity	Amount
<b>Equity Instruments (Fully paid up)</b>						
<i>At Cost</i>						
<b>Subsidiary company</b>						
Edelweiss Rural & Corporate Services Limited						
Equity instruments @	10	4,65,35,367	5,356.17	10	4,65,35,367	5,356.17
Investments in Compulsory Convertible Preference Shares	10	13,59,955	500.00	10	13,59,955	500.00
0.01% Un-Secured Compulsory Convertible Debenture*	1,000	90,00,000	9,000.81	1,000	90,00,000	9,000.00
Edelweiss Housing Finance Limited	100	2,75,80,225	2,934.53	100	2,75,80,225	2,934.53
<b>Fellow Subsidiaries</b>						
Edelweiss Retail Finance Limited	10	30,00,000	264.00	10	30,00,000	264.00
Edelweiss Asset Reconstruction Company Limited	-	-	-	10	60,49,218	129.33
Edelweiss Asset Management Limited**	10	69,67,613	733.89	10	69,67,613	733.89
0.01% Un-Secured Compulsory Convertible Debenture- ECap	1,000	20,00,000	2,000.18	1,000	20,00,000	2,000.00
Equities Limited (Formerly Edel Land Limited)						
ECL Finance Limited	10	55,00,00,000	4,031.50	-	-	-
<b>Associate companies (till 30.03.23)</b>						
Nuvama Wealth Management Limited (Formerly Edelweiss Securities Limited)	-	-	-	10	18,34,455	2,304.08
<b>Others</b>						
<i>At fair value through profit and loss account</i>						
Nuvama Wealth Management Limited (Formerly Edelweiss Securities Limited)	10	18,34,455	4,103.16	-	-	-
<b>Total (A)</b>			<b>28,924.24</b>			<b>23,222.00</b>
<b>Debt Securities</b>						
<i>At fair value through profit and loss account</i>						
9.75% Edelweiss Retail Finance Limited Perpetual Bonds	10,00,000	71	60.24	10,00,000	71	60.26
10.25% ECL Finance Limited Perpetual Bonds®	10,00,000	2,400	2,691.45	-	-	-
Edel Land Limited- NLD	1,00,000	564	86.15	1,00,000	27,337	4,292.08
Edelweiss Asset Reconstruction Company Limited - NLD	1,00,000	107	20.78	1,00,000	107	19.80
<b>Total (B)</b>			<b>2,858.62</b>			<b>4,372.14</b>
<b>Others - Non-Convertible Redeemable Preference Shares</b>						
<i>At Cost</i>						
<b>Subsidiary company</b>						
Edelweiss Rural & Corporate Services Limited	10,00	20,00,000.00	20.00	-	-	-
<b>Total (C)</b>			<b>20.00</b>			<b>-</b>
<b>Total (A+B+C)</b>			<b>31,802.86</b>			<b>27,594.14</b>

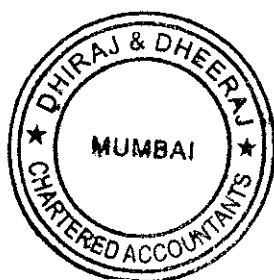
@/a: 65,00,000 Equity Shares are pledged with Beacon Trusteeship Limited as security against Non-Convertible debentures issue by Company.

\* Pledged with Beacon Trusteeship Limited as security against issue of Non Convertible Debentures issued by Edelweiss Financial Services Limited

\*\* Pledged with Catalyst Trusteeship Limited as security against issue of Nifty Linked Debentures issued by ECap Equities Limited (formerly Edel Land Limited)

@ Earmarked in the matter of Nuvama Clearing Services Ltd.

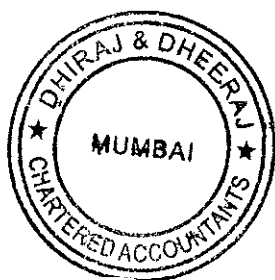
Refer note 44 - Fair value measurement for valuation methodologies for investments



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>10. Other financial assets</b>		
Deposits placed with/ for exchange/ depositories	1.90	1.90
Deposits- others	0.18	0.18
Advances recoverable in cash or in kind or for value to be received	0.13	0.25
	<b>2.21</b>	<b>2.33</b>
<b>11. Current tax assets (net)</b>		
Advance income taxes (Net of provision for tax )	411.99	311.92
	<b>411.99</b>	<b>311.92</b>
<b>12. Deferred tax assets (net)</b>		
<b>Deferred tax assets / (Liabilities)</b>		
<b><u>Loans / Security Receipts</u></b>		
Provision for expected credit loss	9.65	1.90
<b><u>Unused tax loss</u></b>		
Accumulated losses	662.30	421.03
<b><u>Employee benefit obligations</u></b>		
Disallowances under section 43B of the Income Tax Act, 1961	(0.04)	(0.02)
<b><u>Property, plant and equipment and intangibles</u></b>		
Difference between book and tax depreciation	0.05	0.21
<b><u>Investments and other financial instruments</u></b>		
Unrealised (gain) / loss on investments (net)	(458.35)	-
Others	33.06	32.33
	<b>246.67</b>	<b>455.45</b>



# Edel Finance Company Limited

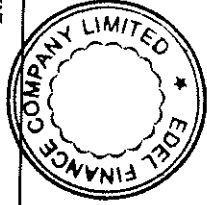
## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

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

Particulars	Building (Flat) <sup>s</sup>	Property, plant and equipment	Computers	Total	Intangible Assets	Total
		Vehicles	Office equipment		Computer Software	
<b>Gross Block</b>						
as at March 31, 2021	2.90	1.06	-	1.44	6.94	12.34
Additions	-	-	-	-	-	-
Disposals	-	(0.59)	-	(1.24)	-	(1.83)
as at March 31, 2022	2.90	0.47	-	0.20	6.94	10.51
Additions	-	(0.47)	-	-	-	-
Disposals	-	(0.47)	-	(0.47)	-	-0.47
as at March 31, 2023	2.90	-	-	0.20	6.94	10.04
<b>Depreciation / Amortisation:</b>						
as at March 31, 2021	0.42	0.65	-	1.15	5.20	7.42
Depreciation/amortisation for the year	0.12	0.17	-	0.04	1.74	2.07
Disposals	-	(0.40)	-	(1.00)	-	(1.40)
as at March 31, 2022	0.54	0.42	-	0.19	6.94	8.09
Depreciation/amortisation for the year	0.12	0.01	-	0.01	-	0.14
Disposals	-	(0.43)	-	-	-	-0.43
as at March 31, 2023	0.66	-	-	0.20	6.94	7.80
<b>Net Block</b>						
As at March 31, 2022	2.36	0.05	-	0.01	-	2.42
As at March 31, 2023	2.24	-	-	-	-	2.24

MUMBAI Provided as security against redeemable non-convertible debentures (Refer note 16.A)



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>14. Other non-financial assets</b>		
(Unsecured considered good, unless stated otherwise)		
Prepaid expenses	0.50	0.01
Vendor Advances	1.61	0.20
Advances to employees	0.45	0.45
Others	0.24	0.08
	<b>2.80</b>	<b>0.74</b>

<b>15. Trade Payables</b>		
Payable to :		
Trade payables to non-related parties	13.96	10.77
(includes sundry creditors, provision for expenses, customer payables and net payable for settlement to clearing house )		
Trade payables to related parties	2.32	6.47
	<b>16.28</b>	<b>17.24</b>

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

Trade Payables includes Rs.Nil (March 31, 2022 : Rs.0.07 million) 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.

### 15.B Trade Payables ageing schedule

As at March 31, 2023	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	-	-	-	-	-	-	-
(ii) Others	13.23	-	3.00	0.05	0.00	0.00	16.28
<b>Total</b>	<b>13.23</b>	<b>-</b>	<b>3.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.00</b>	<b>16.28</b>

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

<b>16. Debt securities</b>		
At amortised cost	As at March 31, 2023	As at March 31, 2022
(Refer note 16.A and 16.B)		
<b>Secured</b>		
Non-convertible redeemable debentures		
Benchmark linked debentures	2,216.24	4,716.65
Non-Convertible Debentures	2,155.07	-
<b>Unsecured</b>		
Benchmark linked debentures	5,748.71	1,974.68
Commercial paper	4,690.09	-
	<b>14,810.11</b>	<b>6,691.33</b>
Debt Securities in India	14,810.11	6,691.33
Debt Securities outside India	-	-
	<b>14,810.11</b>	<b>6,691.33</b>



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 16 Debt securities (continued)

#### 16.A Details of debt securities :

##### Benchmark linked debentures

Benchmark linked debentures are secured by way of a pari passu charge over the immovable property, charge against receivable and investment and corporate guarantee from the 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 which may trigger redemption event on hitting a pre determined level benchmark index.

##### Redeemable Non-Convertible Debentures

Redeemable Non-Convertible Debentures are secured by way of exclusive and/or pari passu charge on the assets of the company including loans and advances, receivables, investments, stock in trade, current & others assets and immovable property/ fixed assets held by the Company.

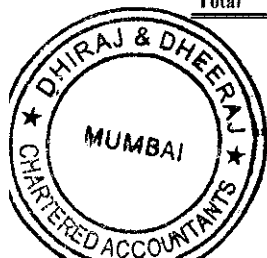
#### 16.B Maturity profile of debt securities are set out below:

Maturity Month	Secured Benchmark Linked Debentures Amount outstanding as at		Unsecured Benchmark Linked Debentures Amount outstanding as at	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
May-2022	-	232.50	-	-
Jun-2022	-	2,348.60	-	-
Aug-2022	-	47.90	-	-
Sep-2022	-	10.00	-	-
Dec-2022	-	2.50	-	-
Dec-2023	7.50	7.50	-	-
Jan-2024	33.50	33.50	-	-
Feb-2024	4.70	4.70	-	-
Mar-2024	1,928.70	300.00	-	-
Apr-2025	21.40	-	-	-
Mar-2026	-	-	3,749.88	-
Jan-2027	-	-	40.00	40.00
Jun-2027	170.00	170.00	-	-
Jan-2028	-	-	1,896.15	1,874.00
	2,165.80	3,157.20	5,686.03	1,914.00
Associated accruals *	50.44	1,559.45	62.68	60.68
<b>Total</b>	<b>2,216.24</b>	<b>4,716.65</b>	<b>5,748.71</b>	<b>1,974.68</b>

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

Maturity	Secured Redeemable Non-Convertible Debentures	
	March 31, 2023	March 31, 2022
<b>Rate of interest</b>	10.18% p.a.	NA
within 1 year	-	-
1 - 3 years	-	-
> 3 years	2,000.00	-
	<b>2,000.00</b>	-
Associated accruals #	155.07	-
<b>Total</b>	<b>2,155.07</b>	-

Maturity	Commercial Paper	
	March 31, 2023	March 31, 2022
<b>Rate of interest</b>	8.70 - 9.90% p.a.	NA
within 1 year	4,800.00	-
	<b>4,800.00</b>	-
Less: Unamortized discount	109.91	-
<b>Total</b>	<b>4,690.09</b>	-



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>17. Borrowings (other than debt securities)</b>		
<i>At amortised cost</i>		
<u><b>Unsecured</b></u>		
<b>Loan and advances from related parties</b>	11,775.09	10,771.37
	<b>11,775.09</b>	<b>10,771.37</b>
Borrowings in India	11,775.09	10,771.37
Borrowings from outside India	-	-
	<b>11,775.09</b>	<b>10,771.37</b>

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

Maturity	Loan and advances from related parties - Amount outstanding as at	
	March 31, 2023	March 31, 2022
<b>Rate of interest</b>	13.25%-14.25% p.a.	13.90%-15.09% p.a.
within 1 year	-	4.10
1 - 3 years	11,619.53	10,683.80
	<b>11,619.53</b>	<b>10,687.90</b>
Associated accruals *	155.56	83.47
<b>Total</b>	<b>11,775.09</b>	<b>10,771.37</b>

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

### 18. Subordinated Liabilities

*At amortised cost*

*(Refer note 18.A)*

**Unsecured**

Subordinated debentures

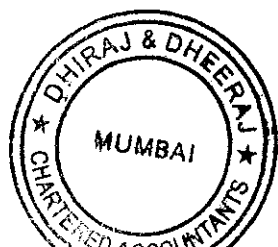
Privately placed redeemable non-convertible debentures

	As at March 31, 2023	As at March 31, 2022
	161.12	161.12
	<b>161.12</b>	<b>161.12</b>
Subordinated liabilities in India	161.12	161.12
Subordinated liabilities outside India	-	-
	<b>161.12</b>	<b>161.12</b>

### 18.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, 2023	March 31, 2022
Jul-2025	150.00	150.00
	150.00	150.00
Add: interest accrued*	11.12	11.12
<b>Total</b>	<b>161.12</b>	<b>161.12</b>

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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>19. Other financial liabilities</b>		
Other payables	-	1.64
Unclaimed matured debentures	6.61	6.61
Accrued salaries and benefits	0.60	0.60
	<b>7.21</b>	<b>8.85</b>
<b>20. Current tax liabilities (net)</b>		
Provision for taxation (Net of advance tax)	18.15	18.16
	<b>18.15</b>	<b>18.16</b>
<b>21. Provisions</b>		
Provision for employee benefits		
Gratuity ( <i>Refer note 38</i> )	0.07	-
Compensated leave absences	0.01	0.01
	<b>0.08</b>	<b>0.01</b>
<b>22. Other non-financial liabilities</b>		
Statutory liabilities*	15.70	9.54
Others	0.08	0.27
	<b>15.78</b>	<b>9.81</b>

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



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

## 23. Equity share capital

### Authorised :

Equity Shares of Rs.100 each  
Preference shares of Rs.100 each

As at March 31, 2023		As at March 31, 2022	
No. of shares	Amount	No. of shares	Amount
22,85,00,000	22,850.00	22,85,00,000	22,850.00
5,00,00,000	5,000.00	5,00,00,000	5,000.00
<b>27,85,00,000</b>	<b>27,850.00</b>	<b>27,85,00,000</b>	<b>27,850.00</b>

### Issued, Subscribed and Paid up:

Equity Shares of Rs.100 each

7,56,67,388	7,566.75	5,56,67,388	5,566.75
<b>7,56,67,388</b>	<b>7,566.75</b>	<b>5,56,67,388</b>	<b>5,566.75</b>

## 23.A Reconciliation of number of shares

Outstanding at the beginning of the year  
Additional equity shares issued during the year

As at March 31, 2023		As at March 31, 2022	
No. of shares	Amount	No. of shares	Amount
5,56,67,388	5,566.75	5,56,67,388	5,566.75
2,00,00,000	2,000.00	-	-
<b>7,56,67,388</b>	<b>7,566.75</b>	<b>5,56,67,388</b>	<b>5,566.75</b>

Outstanding at the end of the year

### Notes:

During the financial year 2022-23 the Company has issued 20,00,00,00 fully paid-up equity shares of Rs.100 each aggregating to Rs. 2000 million to Edelweiss Financial Services Limited.

## 23.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.

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

### Holding company

Edelweiss Financial Services Limited (EFSL)\*

As at March 31, 2023		As at March 31, 2022	
No. of shares	% holding	No. of shares	% holding
7,56,67,388	100.00%	5,56,67,388	100.00%
<b>7,56,67,388</b>	<b>100.00%</b>	<b>5,56,67,388</b>	<b>100.00%</b>

\* including 6 shares held by Nominees of EFSL

## 23.D Details of shares held by promoters in the Company

### As at March 31, 2023

#### Promoter name

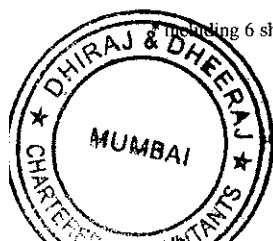
	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% Change during the year
Edelweiss Financial Services Limited*	5,56,67,388	2,00,00,000	7,56,67,388	100.00%	-
<b>Total</b>	<b>5,56,67,388</b>	<b>2,00,00,000</b>	<b>7,56,67,388</b>	<b>100.00%</b>	<b>-</b>

### 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%	-
<b>Total</b>	<b>5,56,67,388</b>	<b>-</b>	<b>5,56,67,388</b>	<b>100.00%</b>	<b>-</b>

\* including 6 shares held by Nominees of EFSL





**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% holding	No. of shares	% holding
Edelweiss Financial Services Limited*	7,56,67,388	100.00%	5,56,67,388	100.00%
	<b>7,56,67,388</b>	<b>100.00%</b>	<b>5,56,67,388</b>	<b>100.00%</b>

\* including 6 shares held by Nominees of EFSL

**23.F There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.****24. Instruments entirely equity in nature**

	As at March 31, 2023		As at March 31, 2022	
	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/-)	1,65,00,000	1,650.00	1,65,00,000	1,650.00
	<b>1,65,00,000</b>	<b>1,650.00</b>	<b>1,65,00,000</b>	<b>1,650.00</b>

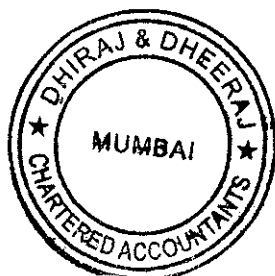
**24.A Reconciliation of number of shares**

	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	1,65,00,000	1,650	1,65,00,000	1,650
Additional shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,65,00,000</b>	<b>1,650.00</b>	<b>1,65,00,000</b>	<b>1,650.00</b>

**Terms of Compulsory Convertible Preference Shares ("CCPS")**

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

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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 25. Other Equity

	As at March 31, 2023	As at March 31, 2022
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	1,413.76	1,282.95
e. Retained earnings	3,999.47	3,476.12
f. Deemed capital contribution - Equity	2.25	2.25
g. Impairment reserve	32.27	32.27
	<b>6,018.36</b>	<b>5,364.20</b>

#### 25.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) The Reserve Bank of India Act, 1934 by transferring a sum not less than twenty per cent of net profit as disclosed in the profit and loss account and before declaring dividend.

##### 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

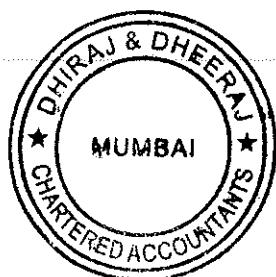
As per the RBI circular RBI/2019-20/170 dated 13th March, 2020, where impairment allowance under Ind AS 109 is lower than the provisioning required under IRACP (including standard asset provisioning), NBFCs (CICs) shall appropriate the difference from their net profit or loss after tax to a separate '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, 2023**

(Currency: Indian rupees in millions)

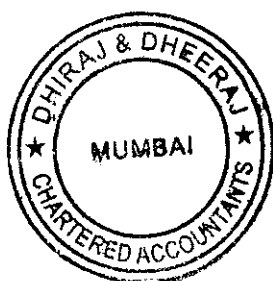
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>26. Interest Income</b>		
<b>on financial assets measured at amortised cost</b>		
Interest on loans	585.88	244.53
Interest income on debt securities	1.10	0.90
<b>on financial assets measured at fair value through profit or loss</b>		
Interest income on debt securities	75.63	6.94
	<b>662.61</b>	<b>252.37</b>
<b>27. Fee income</b>		
Processing and other fees	0.09	-
	<b>0.09</b>	<b>-</b>
Below is the disaggregation of the revenue from contracts with customers and its reconciliation to amounts reported in statement of profit and loss:		
Service transferred at a point in time	-	-
Service transferred over time	0.09	-
<b>Total revenue from contract with customers</b>	<b>0.09</b>	<b>-</b>
<b>28. Net gain / (loss) on fair value changes</b>		
<b>Net gain/ (loss) on financial instruments at fair value through profit or loss</b>		
On investments and securities held for trading	1,916.30	944.90
	<b>1,916.30</b>	<b>944.90</b>
<b>Fair value changes</b>		
Realised	700.69	342.92
Unrealised	1,215.61	601.98
	<b>1,916.30</b>	<b>944.90</b>
<b>29. Other income</b>		
Profit on sale of investments	448.85	650.08
Interest on Income Tax Refund	0.70	37.95
Miscellaneous income	77.37	1.30
	<b>526.92</b>	<b>689.33</b>



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>30. Finance costs</b>		
<b>On financial liabilities measured at amortised cost</b>		
Interest on borrowings other than debt securities	1,607.23	477.28
Interest on debt securities	550.68	1,247.66
Interest on subordinated liabilities	16.50	16.50
Other finance cost and bank charges	10.50	25.03
	<b>2,184.91</b>	<b>1,766.47</b>
<b>31. Impairment on financial instruments</b>		
<b>On financial instruments measured at amortised cost</b>		
<b>Expected credit loss</b>		
Loans and financial instruments	30.80	6.04
Trade receivables w/off recovery	-	(0.71)
	<b>30.80</b>	<b>5.33</b>
<b>32. Employee benefits expense</b>		
Salaries and wages ( <i>refer note 33.B</i> )	2.38	10.51
Contribution to provident and other funds	0.13	0.54
Staff welfare expenses	0.18	0.33
	<b>2.69</b>	<b>11.38</b>



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>33. Other expenses</b>		
Auditors' remuneration ( <i>refer note 33.A</i> )	1.36	3.26
Directors' sitting fees	1.41	0.68
Legal and professional fees	6.33	5.07
License fees	-	11.14
Rates and taxes	0.32	-
Rent ( <i>refer note 33.B</i> )	-	0.64
Repairs and maintenance ( <i>refer note 33.B</i> )	0.12	0.06
Computer software	-	0.03
Corporate guarantee commission	6.82	6.93
Clearing & custodian charges	1.74	0.34
Rating support fees ( <i>refer note 33.B</i> )	2.79	2.70
Office expenses ( <i>refer note 33.B</i> )	2.55	0.54
Goods & Service tax expenses	5.97	11.11
Stamp duty	0.46	0.48
Stock exchange expenses	1.24	0.43
Travelling and conveyance	-	0.34
Miscellaneous expenses	(6.53)	0.07
	<b>24.58</b>	<b>43.82</b>

### 33.A Auditors' remuneration:

#### As a Auditor

Audit fees	0.75	1.25
Limited Review	0.45	1.40
Certification	0.13	0.59
Reimbursement of expenses	0.03	0.02
	<b>1.36</b>	<b>3.26</b>

### 33.B 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 32 and 33 include reimbursements paid.



**Edel Finance Company Limited****Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax	-	-
Adjustment in respect of current income tax of prior years	-	0.14
Deferred tax relating to origination and reversal of temporary differences	208.78	4.34
Deferred tax relating to unused tax losses	-	(168.77)
<b>Total tax charge for the year (refer note 34.A)</b>	<b>208.78</b>	<b>(164.29)</b>
Current tax	-	0.14
Deferred tax (refer note 34.B)	208.78	(164.43)

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

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit/ (loss) before taxes</b>	862.80	57.53
Statutory Income Tax rate	25.168%	25.168%
<b>Tax charge at statutory rate</b>	217.15	14.48
<b>Adjustment in respect of current income tax of prior year</b>	-	0.14
<b>Tax effect of :</b>		
Difference between tax base due to Indexation Benefit available on Capital Assets	(8.26)	(9.97)
Effect of recognition of deferred tax asset on prior period losses - earlier not recognised	-	(168.77)
Others	(0.11)	(0.17)
<b>Current Tax Expenses Reported in Statement of Profit and Loss</b>	<b>208.78</b>	<b>(164.29)</b>
<b>Effective Income Tax Rate</b>	24.20%	-285.57%



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

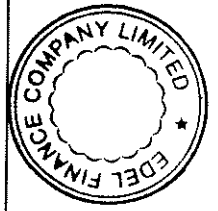
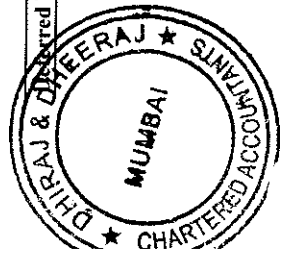
## 34.B Movement of Deferred Tax assets

### Financial Year 2022-23

	As on March 31, 2022	Movement for the period (2022-23)			As on March 31, 2023
		Recognised in profit or loss	Recognised in OCI	Recognised in other equity	
<b>Deferred Tax Assets / (Liabilities)</b>					
Employee benefits obligations	(0.02)	(0.02)	-	-	(0.04)
Expected credit loss provision on Loans / SR's	1.90	7.75	-	-	9.65
Expected credit loss provision on Receivables	-	-	-	-	-
Unused tax losses	421.03	241.27	-	-	662.30
Property, plant and equipment & intangible assets	0.21	(0.16)	-	-	0.05
Fair valuation of financial assets	-	(458.35)	-	-	(458.35)
Fair valuation of derivatives	-	-	-	-	-
Others	32.33	0.73	-	-	33.06
<b>Deferred Tax Asset (net)</b>	<b>455.45</b>	<b>(208.78)</b>	<b>-</b>	<b>-</b>	<b>246.67</b>

### Financial Year 2021-22

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



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 35. 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, 2023	For the year ended March 31, 2022
Net profit / (loss) attributable to equity holders of the Company	(A)	654.02	221.82
Weighted average number of shares			
- Number of equity shares outstanding at the beginning of the year		5,56,67,388	5,56,67,388
- Number of equity shares issued during the year		2,00,00,000	-
Total number of equity shares outstanding at the end of the year		7,56,67,388	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)	(B)	7,23,86,566	7,21,67,388
Weighted average number of diluted equity shares outstanding during the year	(C)	7,23,86,566	7,21,67,388
Adjusted net profit / (loss) for diluted EPS	(D)	654.02	221.82
Basic earnings per share (in rupees)	(A / B)	9.04	3.07
Diluted earnings per share (in rupees)		9.04	3.07

#### 36. 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.

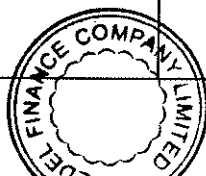
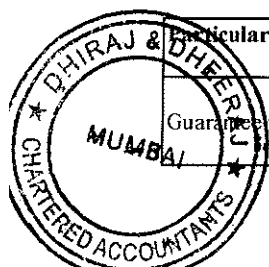
##### Details of contingent liability

Particulars	As at March 31, 2023	As at March 31, 2022
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, 2023	As at March 31, 2022
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, 2023

(Currency: Indian rupees in millions)

### 37. Segment reporting

#### Primary Segment (Business segment)

The Company being CIC, has only capital business segment in the current year i.e March 31, 2023. 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.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 38. Defined benefit plan

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

The Company recognised Rs.0.11 million (Previous year : Rs. 0.57 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, 2023. 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, 2023	March 31, 2022
<b>Opening Balance</b>	(0.01)	2.15
Current service cost	0.03	-
Interest cost	-	0.03
	<b>0.02</b>	<b>2.18</b>
<b>Other comprehensive Income</b>		
Remeasurement loss (gain):		
Actuarial loss (gain) arising from:		
Experience	0.02	(0.42)
Financial assumptions	0.01	-
Demographic assumptions	-	-
	<b>0.03</b>	<b>(0.42)</b>
<b>Others</b>		
Transfer In/ (Out)	0.03	(1.56)
Benefits paid	-	(0.21)
<b>Closing Balance</b>	<b>0.08</b>	<b>(0.01)</b>

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

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<b>Recognised in Statement of profit or loss</b>		
Current service cost	0.03	-
Interest cost	-	-
Net Interest on net defined benefit liability/ (asset)	-	(0.04)
<b>Total</b>	<b>0.03</b>	<b>(0.04)</b>
<b>Recognised in other comprehensive income</b>		
Remeasurement of net defined benefit liability/(asset)	0.14	(0.96)
<b>Total</b>	<b>0.14</b>	<b>(0.96)</b>

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

	As at March 31, 2023	As at March 31, 2022
Fair Value of Plan Assets at start of the year	2.80	2.60
Contributions by Employer	-	0.21
Benefits Paid	-	(0.21)
Interest Income on Plan Assets	0.17	0.13
Re-measurements		
Return on plan assets excluding amount included in net interest on the net defined benefit liability/(asset)	(0.07)	0.07
Fair Value of Plan Assets at end of the year	<b>2.90</b>	<b>2.80</b>
Actual Return on Plan Assets	0.10	0.20



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 38. Defined benefit plan (continued)

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

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

	As at March 31, 2023	As at March 31, 2022
Present Value of DBO	0.08	(0.01)
Fair Value of Plan Assets	2.90	2.80
Liability/ (Asset) recognised in the Balance Sheet	(2.82)	(2.81)
Funded Status [Surplus/(Deficit)]	2.82	2.81
Amount not recognized as asset [Effect of limiting net assets to asset ceiling]	2.65	2.71
Net Liability/ (Asset) recognised in the Balance Sheet	(0.17)	(0.10)
Of which, Short term Liability	-	-
Experience Adjustment on Plan Liabilities: (Gain)/Loss	0.02	(0.42)

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

	As at March 31, 2023	As at March 31, 2022
Equity instruments	0%	0%
Debt instruments	0%	0%
Real estate	0%	0%
Derivatives	0%	0%
Investment Funds with Insurance Company	99.5%	100%
Of which, Unit Linked	85.0%	85.7%
Of which, Traditional/ Non-Unit Linked	14.5%	14.1%
Asset-backed securities	0%	0%
Structured debt	0%	0%
Cash and cash equivalents	0.5%	0.1%
Total	100.00%	100.00%

#### vi) Movement in Other Comprehensive Income

	As at March 31, 2023	As at March 31, 2022
Balance at start of year (Loss)/ Gain	(0.96)	-
Re-measurements on DBO	-	-
a. Actuarial (Loss)/ Gain from changes in demographic assumptions	-	-
b. Actuarial (Loss)/ Gain from changes in financial assumptions	(0.01)	-
c. Actuarial (Loss)/ Gain from experience over the past year	(0.02)	0.42
Re-measurements on Plan Assets	-	-
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	(0.07)	0.07
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	0.24	(1.45)
excluding amount included in net interest on the net defined benefit liability/ (asset)	-	-
Balance at end of year (Loss)/ Gain	(0.82)	(0.96)

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

	As at March 31, 2023	As at March 31, 2022
Surplus/ (Deficit) at start of year	0.08	(0.76)
Net Transfer (In)/ Out	(0.03)	1.55
Movement during the year	-	-
Current Service Cost	(0.03)	-
Net Interest on net DBO	-	0.04
Re-measurements – (Losses)/ Gains	0.14	(0.96)
Contributions/ Benefits	-	0.21
Surplus/ (Deficit) at end of year	0.17	0.08



**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

**38. 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, 2023	As at March 31, 2022
Discount Rate	7.10%	5.90%
Salary Growth Rate	7.00%	7.00%
Withdrawal/Attrition Rate (based on categories)	16.00%	16.00%
Interest Rate on Net DBO (% p.a.)	5.90%	5.00%
Mortality Rate	IALM 2012-14	IALM 2012-14
Expected weighted average remaining working lives of employees	3.5	4

**Notes:**

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

**Sensitivity analysis:**

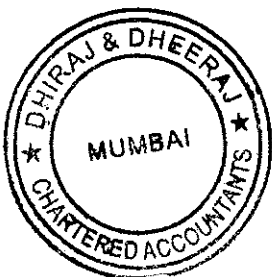
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	0.01	0.01	-	-
Discount Rate (+/- 1%)	0.01	0.01	-	-
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, 2023

(Currency: Indian rupees in millions)

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

Particulars	As at April 1, 2022	Cash Flows	Changes in Fair value	Others (net)*	As at March 31, 2023
Debt securities	6,691.33	9,445.79	-	(1,327.01)	14,810.11
Borrowings (other than debt securities)	10,771.37	931.63	-	72.09	11,775.09
Subordinated liabilities	161.12	-	-	-	161.12
	<b>17,623.82</b>	<b>10,377.42</b>	<b>-</b>	<b>(1,254.92)</b>	<b>26,746.32</b>

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

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



## Edel Finance Company Limited

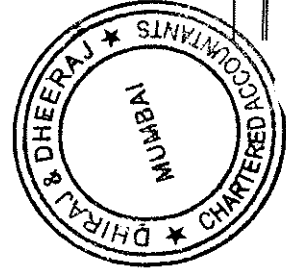
### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 40. 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, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Assets</b>						
Cash and cash equivalents	20.63	-	20.63	10.93	-	10.93
Loans	7,312.43	2,237.10	9,549.53	1,482.51	398.40	1,880.91
Investments	86.15	31,716.71	31,802.86	4,199.40	23,394.74	27,594.14
Other financial assets	1.07	1.14	2.21	1.21	1.12	2.33
<b>Non-financial assets</b>						
Current tax assets (net)	-	411.99	411.99	-	311.92	311.92
Deferred tax assets (net)	-	246.67	246.67	-	455.45	455.45
Property, Plant and Equipment	-	2.24	2.24	-	2.42	2.42
Other Intangible assets	-	-	-	-	-	-
Other non- financial assets	2.80	-	2.80	0.66	0.08	0.74
<b>Total Assets</b>	<b>7,423.08</b>	<b>34,615.85</b>	<b>42,038.93</b>	<b>5,694.71</b>	<b>24,564.13</b>	<b>30,258.84</b>
<b>Financial Liabilities</b>						
Trade payables	16.28	-	16.28	17.24	-	17.24
Debt securities	6,858.89	7,951.22	14,810.11	4,136.73	2,554.60	6,691.33
Borrowings (other than debt securities)	155.56	11,619.53	11,775.09	87.57	10,683.80	10,771.37
Subordinated Liabilities	11.12	150.00	161.12	11.12	150.00	161.12
Other financial liabilities	7.21	-	7.21	8.85	-	8.85
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	-	18.15	18.15	-	18.16	18.16
Provisions	0.08	-	0.08	-	0.01	0.01
Other non-financial liabilities	15.78	-	15.78	9.81	-	9.81
<b>Total Liabilities</b>	<b>7,064.92</b>	<b>19,738.90</b>	<b>26,803.82</b>	<b>4,271.32</b>	<b>13,406.57</b>	<b>17,677.89</b>
<b>Net total assets/ (liabilities)</b>	<b>358.16</b>	<b>14,876.95</b>	<b>15,235.11</b>	<b>1,423.39</b>	<b>11,157.56</b>	<b>12,580.95</b>



## Edel Finance Company Limited

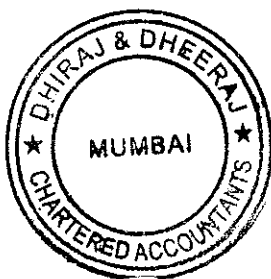
Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in million)

### 41. 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	Allium Finance Private Limited Edelweiss Rural & Corporate Services Limited Edelweiss Housing Finance Limited Edelweiss Investment Adviser Limited Comtrade Commodities Services Limited	
Fellow subsidiaries with whom the transactions have taken place in current or previous year	ECap Equities Limited (formerly Edel Land Limited) ECap Securities And Investments Limited ECL Finance Limited Edel Investments Limited Edelcap Securities Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Asset Management Limited Edelweiss Asset Reconstruction Company Limited 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	
Associate Companies (till 30.03.23)	Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited) Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited) Nuvama Asset Management Limited (formerly known as ESL Securities Limited) Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited) Nuvama Clearing Services Limited (formerly Edelweiss Custodial Services Limited)	
Key Management Personnel (KMP)	Tarun Khurana Ananya Suneja Vidya Shah Atul Ambavat Sunil Pharterpekar Vinod Juneja Ananthkrishnan S (till August 10, 2021) Ravindra Dhobale (till May 31, 2021) Sujit Kumar Pandey (till May 24, 2021) Sunil Nagrani (from June 1, 2021 till February 11, 2022) S. Ranganathan (till January 9, 2023)	Manager & Company Secretary Chief Financial Officer Non- executive director Independent Director Independent Director Independent Director Company Secretary Chief Financial Officer Manager Chief Financial Officer Non- executive director



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in million)

## 41. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)

Sr.No.	Nature of Transaction	Related Party Name	2022-23	2021-22
<b>Transactions with related parties:</b>				
<b>(I) Capital account transactions</b>				
1	Issue of equity shares to	Edelweiss Financial Services Limited	2,000.00	-
2	Purchase of equity shares from	Edelweiss Financial Services Limited	4,031.50	2,668.42
3	Sale of equity shares to	Edelweiss Securities And Investments Private Limited	578.18	846.89
4	Issue of Non- Convertible Debentures to	ECap Equities Limited (formerly Edel Land Limited)	1,640.00	-
		ECL Finance Limited	220.00	-
		Edelweiss Retail Finance Limited	140.00	-
5	Investments in preference shares of	Edelweiss Rural & Corporate Services Limited	20.00	-
6	Investments in Compulsory Convertible Debentures	ECap Equities Limited (formerly Edel Land Limited)	-	2,000.00
7	Investment in equity shares	Edelweiss Rural & Corporate Services Limited	-	2,501.20
<b>(II) Current account transactions</b>				
1	Loans taken from	Edelweiss Rural & Corporate Services Limited	8,373.80	7,312.11
		ECap Equities Limited (formerly Edel Land Limited)	1,400.00	-
		Edelweiss Financial Services Limited	9,698.30	8,055.30
		Allium Finance Private Limited	230.00	-
2	Loans repaid to	Edelweiss Rural & Corporate Services Limited	11,006.40	9,679.51
		ECap Equities Limited (formerly Edel Land Limited)	1,400.00	-
		Edelweiss Financial Services Limited	6,364.08	2,110.00
3	Loans given to	Edelweiss Rural & Corporate Services Limited	2,620.70	45.00
		Nuvama Wealth and Investment Limited	-	1,300.00
		ECap Equities Limited (formerly Edel Land Limited)	4,961.10	5,801.06
		Edelweiss Securities And Investments Private Limited	5,706.08	250.00
		Edelweiss Global Wealth Management Limited	685.71	-
		Comtrade Commodities Services Limited	18.85	-
		Edelcap Securities Limited	2,193.55	-
		ECap Securities And Investments Limited	3,371.27	-
4	Loans given repaid by	Edelweiss Rural & Corporate Services Limited	949.20	50.51
		Nuvama Wealth and Investment Limited	-	1,300.00
		ECap Equities Limited (formerly Edel Land Limited)	5,793.95	12,594.10
		Edelweiss Alternative Asset Advisors Limited	-	-
		Edelweiss Securities And Investments Private Limited	4,560.00	-
		Edelcap Securities Limited	638.78	-
5	Redemption - Debentures by	ECap Equities Limited (formerly Edel Land Limited)	-	2,735.34
6	Buyback / redemption- benchmark linked debentures	ECap Equities Limited (formerly Edel Land Limited)	3,554.02	4,318.73
		Edelweiss Rural & Corporate Services Limited	-	19.12
		Nuvama Wealth Finance Limited	18.84	-
7	Issue of benchmark linked debentures	ECap Equities Limited (formerly Edel Land Limited)	1,700.00	-
		Edel Investments Limited	700.00	-
		Edelcap Securities Limited	970.00	-
		Edelweiss Investment Adviser Limited	380.00	-
8	Redemption/Sale of investment in benchmark linked debenture	ECap Equities Limited (formerly Edel Land Limited)	3,810.32	-
9	Purchase of perpetual bond from	ECap Equities Limited (formerly Edel Land Limited)	492.28	-
		Edelweiss Rural & Corporate Services Limited	2,130.43	-
10	Other investment purchased from	ECap Equities Limited (formerly Edel Land Limited)	-	68.63



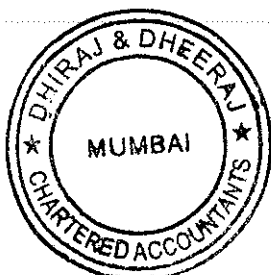


**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in million)

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

Sr.No.	Nature of Transaction	Related Party Name	2022-23	2021-22
(II)	Current account transactions (continued)			
11	Interest expense on loans taken from	Edelweiss Rural & Corporate Services Limited	151.55	340.63
		ECap Equities Limited (formerly Edel Land Limited)	1.67	-
		Edelweiss Financial Services Limited	1,445.50	136.65
		Allium Finance Private Limited	8.52	-
12	Other financial cost paid to	Nuvara Wealth and Investment Limited	3.83	23.58
		Nuvara Asset Management Limited	5.70	-
13	Interest expense on subordinate debt	ECap Equities Limited (formerly Edel Land Limited)	7.70	7.70
		ECL Finance Limited	6.16	6.16
		Edelweiss Rural & Corporate Services Limited	2.64	2.64
14	Interest expense on non- convertible debentures	ECap Equities Limited (formerly Edel Land Limited)	127.38	-
		ECL Finance Limited	17.09	-
		Edelweiss Retail Finance Limited	10.87	-
15	Interest income on securities	Edelweiss Retail Finance Limited	6.88	6.94
		ECL Finance Limited	68.75	-
16	Fair value/ Interest income on securities	Edelweiss Asset Reconstruction Company Limited	-	4.76
		Edelweiss Rural & Corporate Services Limited	-	627.68
17	Interest income on loan given to	ECap Equities Limited (formerly Edel Land Limited)	232.85	194.76
		Edelweiss Broking Limited	-	27.35
		Edelweiss Rural & Corporate Services Limited	25.03	1.11
		Edelweiss Alternative Asset Advisors Limited	-	-
		Edelweiss Securities And Investments Private Limited	217.24	21.32
		Edelweiss Global Wealth Management Limited	36.74	-
		Edelcap Securities Limited	12.36	-
		Comtrade Commodities Services Limited	0.64	-
		ECap Securities And Investments Limited	7.63	-
18	Interest income on debentures (CCD)	Edelweiss Rural & Corporate Services Limited	0.90	0.90
		ECap Equities Limited (formerly Edel Land Limited)	0.20	0.00
19	Legal and professional fees paid to	Edelweiss Alternative Asset Advisors Limited	-	0.02
		Edelweiss Rural & Corporate Services Limited	0.05	0.04
20	Cost reimbursements paid to (net)	Edelweiss Rural & Corporate Services Limited	2.54	0.74
21	Rating support fees paid to	Edelweiss Financial Services Limited	-	-
		Edelweiss Rural & Corporate Services Limited	-	0.08
22	Corporate guarantee support fee received from	Edelweiss Financial Services Limited	0.09	-
23	Corporate guarantee support fee paid to	Edelweiss Financial Services Limited	0.71	1.12
		Edelweiss Rural & Corporate Services Limited	6.82	6.93
24	Reimbursement received from	Edelweiss Custodial Services Limited	-	2.40
25	Remuneration to Key Management Personnel (Refer note I)	Ravindra Dhobale	-	1.49
		Sujit Kumar Pandey	-	0.49
		Sunil Nagrani	-	7.36
		Ananthkrishnan S	-	0.50
26	Directors' sitting fees	Atul Ambavat	0.39	0.34
		Vinod Juneja	0.37	0.34
		Sunil Pharterpekar	0.35	-

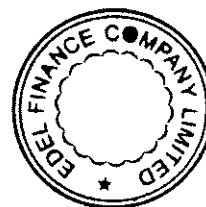


**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in million)

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

Sr.No.	Nature of Transaction	Related Party Name	2022-23	2021-22
(III)	Secondary market transactions			
1	Sale of Property, Plant & Equipment	Nuvama Wealth and Investment Limited	0.00	0.01
		Edelweiss Finance & Investments Limited	-	0.02
		Edelweiss Custodial Services Limited*	-	0.00
		Edelweiss Rural & Corporate Services Limited*	-	0.00
		Edelweiss Tokio Life Insurance Company Limited	-	0.22
		ECL Finance Limited*	-	0.00
(IV)	Balances with related parties			
1	Investments in equity shares	Edelweiss Retail Finance Limited	264.00	264.00
		Edelweiss Asset Reconstruction Company Limited	-	129.33
		Edelweiss Rural & Corporate Services Limited	5,356.17	5,356.17
		ECL Finance Limited	4,031.50	-
		Edelweiss Housing Finance Limited	2,934.53	2,934.53
		Edelweiss Asset Management Limited	733.89	733.89
		Nuvama Wealth Management Limited	-	2,304.08
2	Investments in compulsory convertible preferences shares	Edelweiss Rural & Corporate Services Limited	500.00	500.00
3	Investments in Preference shares	Edelweiss Rural & Corporate Services Limited	20.00	-
3	Investments in compulsory convertible debentures	Edelweiss Rural & Corporate Services Limited	9,000.00	9,000.00
		ECap Equities Limited (formerly Edel Land Limited)	2,000.00	2,000.00
4	Debt and bonds (Investments) of	ECap Equities Limited (formerly Edel Land Limited)	86.15	4,292.09
		Edelweiss Retail Finance Limited	58.40	58.40
		Edelweiss Asset Reconstruction Company Limited	20.78	19.80
		ECL Finance Limited	2,474.04	-
5	Subordinate debt issued to	Edel Land Limited	70.00	70.00
		ECL Finance Limited	56.00	56.00
		Edelweiss Rural & Corporate Services Limited	24.00	24.00
6	Interest accrued on subordinate debt	ECap Equities Limited (formerly Edel Land Limited)	5.19	5.19
		ECL Finance Limited	4.15	4.15
		Edelweiss Rural & Corporate Services Limited	1.78	1.78
7	Non- convertible debentures held by	ECap Equities Limited (formerly Edel Land Limited)	1,640.00	-
		ECL Finance Limited	220.00	-
		Edelweiss Retail Finance Limited	140.00	-
8	Interest accrued on non- convertible debentures held by	ECap Equities Limited (formerly Edel Land Limited)	127.16	-
		ECL Finance Limited	17.06	-
		Edelweiss Retail Finance Limited	10.85	-
9	Short term loans taken from	Edelweiss Financial Services Limited	-	4.10
10	Long term loans taken from	Edelweiss Rural & Corporate Services Limited	-	2,632.60
		Edelweiss Financial Services Limited	11,389.53	8,051.20
		Ailium Finance Private Limited	230.00	-
11	Short term loans given to	Edelweiss Rural & Corporate Services Limited	1,671.50	-
		ECap Equities Limited (formerly Edel Land Limited)	643.80	1,476.65
		Edelweiss Securities And Investments Private Limited	1,546.08	150.00
		Edelweiss Global Wealth Management Limited	685.71	-
		Edelcap Securities Limited	1,554.78	-
		Contrade Commodities Services Limited	18.85	-
		ECap Securities And Investments Limited	3,371.27	-
12	Long term loans given to	Edelweiss Securities And Investments Private Limited	-	250.00
13	Trade Payables to	Edelweiss Financial Services Limited	0.13	0.09
		ECap Equities Limited (formerly Edel Land Limited)	0.00	-
		Edelweiss Rural & Corporate Services Limited	2.19	4.64
		Edelweiss Broking Limited	-	1.69
		Edelweiss General Insurance Company Limited	-	0.05



# Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in million)

## 41. Disclosure of Related Party Transactions pursuant to IND AS 24 "Related Party Transactions" (continued)

Sr.No.	Nature of Transaction	Related Party Name	2022-23	2021-22
<b>Balances with related parties (continued)</b>				
14	Other Payable	Nuvama Wealth and Investment Limited	-	0.38
		Edelweiss Finance & Investments Limited	-	0.08
		Edelweiss Rural & Corporate Services Limited	-	0.08
		Edelweiss Investment Adviser Limited	-	1.09
		Edel Investments Limited	-	0.01
15	Other Receivable	Edelweiss Rural & Corporate Services Limited	-	0.07
		Nuvama Wealth and Investment Limited	-	0.00
		ECL Finance Limited*	-	0.00
		Edelweiss Securities And Investments Private Limited	0.09	0.13
		Edel Investments Limited	0.03	-
16	Interest receivable-Accrued -Group Company	Edelweiss Rural & Corporate Services Limited	7.72	-
		ECap Equities Limited (formerly Edel Land Limited)	13.76	9.45
		Edelweiss Securities And Investments Private Limited	50.06	2.37
		Edelcap Securities Limited	9.73	-
		Edelweiss Global Wealth Management Limited	7.56	-
		Comtrade Commodities Services Limited	0.21	-
		ECap Securities And Investments Limited	6.86	-
17	Interest payable -Accrued -Group company	Edelweiss Rural & Corporate Services Limited	-	41.82
		ECap Equities Limited (formerly Edel Land Limited)	0.50	-
		Edelweiss Financial Services Limited	152.73	41.65
		Allium Finance Private Limited	2.33	-
18	Interest receivable - accrued on debentures and bonds of	Edelweiss Retail Finance Limited	1.84	1.86
		Edelweiss Rural & Corporate Services Limited	0.81	-
		ECap Equities Limited (formerly Edel Land Limited)	0.18	0.00
		ECL Finance Limited	217.41	-
19	Corporate Guarantee taken from	Edelweiss Financial Services Limited	470.00	470.00
		Edelweiss Rural & Corporate Services Limited	701.76	726.55

\* 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.



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

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

- 42.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
- 42.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, 2023

(Currency: Indian rupees in millions)

#### 43. 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 46 in the financial statements.



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 44. Fair Value measurement:

##### 44.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

##### 44.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.

##### 44.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, 2023

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Investments</b>				
Equity instruments	-	-	4,103.16	4,103.16
Other debt securities	-	2,858.62	-	2,858.62
<b>Total investments measured at fair value</b>	-	2,858.62	4,103.16	6,961.78

As at March 31, 2022

	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
<b>Investments</b>				
Other debt securities	-	4,372.14	-	4,372.14
<b>Total investments measured at fair value</b>	-	4,372.14	-	4,372.14



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 44. 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.

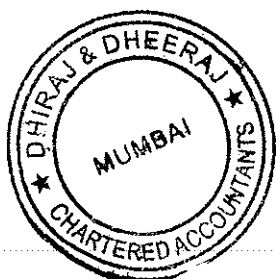
E. The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value

Financial year ended March 2023	Security receipts	Equity instruments	Preference Shares	Warrants	Total
<b>Investments - at April 1, 2022</b>					
Purchase	-	-	-	-	-
Sale / redemption	-	-	-	-	-
Transfer into level 3	-	4,103.16	-	-	4,103.16
Transfer from level 3	-	-	-	-	-
Profit / Fair value change for the year recognised in profit or loss	-	-	-	-	-
<b>Investments - at March 31, 2023</b>	<b>-</b>	<b>4,103.16</b>	<b>-</b>	<b>-</b>	<b>4,103.16</b>

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

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

Type of Financial Instruments	Fair value of asset as on March 31, 2023	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
Investments in unquoted equity shares categorised at Level 3	4,103.16	Comparable transaction and P/E and discounted cash flow	Fair value per share	Rs. 2238 per share	5%	205.16	5%	(205.16)



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 44. Fair Value measurement: (Continued)

##### G. 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, 2023	Carrying Value	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Loans	9,549.53	-	-	9,549.53	9,549.53
Investments	24,821.08	-	24,821.08	-	24,821.08
<b>Total Financial Assets</b>	<b>34,370.61</b>	<b>-</b>	<b>24,821.08</b>	<b>9,549.53</b>	<b>34,370.61</b>
<b>Financial Liabilities</b>					
Debt securities	14,810.11	-	8,388.05	4,748.57	13,136.62
Borrowings (other than debt securities)	11,775.09	-	-	11,775.09	11,775.09
Subordinated Liabilities	161.12	-	169.30	-	169.30
<b>Total Financial Liabilities</b>	<b>26,746.32</b>	<b>-</b>	<b>8,557.35</b>	<b>4,748.57</b>	<b>25,081.01</b>
<b>As at March 31, 2022</b>	<b>Carrying Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>					
Loans	1,880.91	-	-	1,880.91	1,880.91
Investments	23,222.00	-	23,222.00	-	23,222.00
<b>Total Financial Assets</b>	<b>25,102.91</b>	<b>-</b>	<b>23,222.00</b>	<b>1,880.91</b>	<b>25,102.91</b>
<b>Financial Liabilities</b>					
Debt securities	6,691.33	-	5,578.89	-	5,578.89
Borrowings (other than debt securities)	10,771.37	-	-	10,771.37	10,771.37
Subordinated Liabilities	161.12	-	162.48	-	162.48
<b>Total Financial Liabilities</b>	<b>17,623.82</b>	<b>-</b>	<b>5,741.37</b>	<b>-</b>	<b>16,512.74</b>

##### H. 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

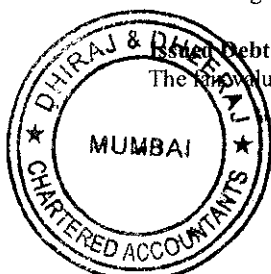
Carrying amounts of cash and cash equivalents, bank balances other than cash and cash equivalents, trade and other receivables, trade payables approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets and other financial 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, 2023

(Currency: Indian rupees in millions)

#### 45. Risk Management

##### A. Introduction and risk profile

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

The Company believes that effective risk management requires:

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

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

##### B. Risk Management Structure

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

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

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

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

##### C. Risk mitigation and risk culture

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

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

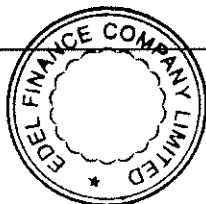
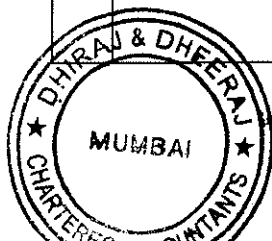
It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

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

##### D. Types of Risks

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

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



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 45. Risk Management

#### 45.D.1 Credit Risk

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

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

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

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

#### Derivative financial Instruments:

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

#### Impairment Assessment:

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

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

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

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

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

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

#### Significant increase in credit risk (SICR)

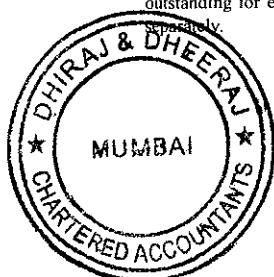
Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days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

#### Probability of Default

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

#### Loss Given Default (LGD)

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



## Edel Finance Company Limited

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 45. Risk Management (continued)

#### 45.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.

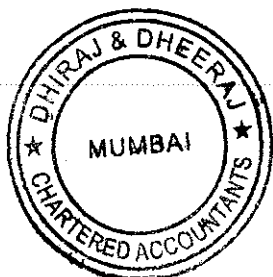
Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

#### 45.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, 2023

(Currency: Indian rupees in millions)

**45. Risk Management (continued)**
**Credit Risk (continued)**
**45.D.2 Industry analysis - Risk concentration as at March 31, 2023**

Particulars	Financial Services	State & Central Government	Agriculture	Industry	Real Estate	Service Sector	Retail Loans	Others	Total
<b>Financial Assets</b>									
Cash and cash equivalents	20.63	-	-	-	-	-	-	-	20.63
Loans	9,549.53	-	-	-	-	-	-	-	9,549.53
Investments	16,945.88	-	-	-	-	14,856.98	-	-	31,802.86
Other financial assets	2.12	-	-	-	-	0.09	-	-	2.21
<b>Total Assets</b>	<b>26,518.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,857.07</b>	<b>-</b>	<b>-</b>	<b>41,375.23</b>

**Industry analysis - Risk concentration as at March 31, 2022**

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

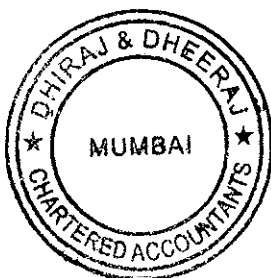
**45.D.3 Collateral and other credit enhancements**

No collateral is held against the exposure as at March 31, 2023

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, 2023	As at March 31, 2022	Principal type of collateral
<b>Financial assets</b>			
Cash and cash equivalents	20.63	10.93	
Loans:			
i) Corporate Credit	9,549.53	1,880.91	Loan is unsecured
Investments	31,802.86	27,594.14	
Other financial assets	2.21	2.33	
<b>Total Financial Assets</b>	<b>41,375.23</b>	<b>29,488.31</b>	



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 45. Risk Management (Continued)

##### 45.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.

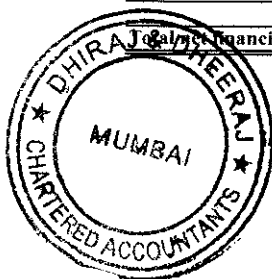
To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities, Mutual Funds and Quoted Equity Shares. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion 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, 2023 - Analysis of contractual maturities of financial assets and liabilities

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 5 years	More than 5 years	Total
<b>Financial Assets</b>							
(a) Cash and cash equivalents	20.63	-	-	-	-	-	20.63
(b) Loans	-	4,549.42	114.74	2,648.27	2,237.10	-	9,549.53
(c) Investments	-	-	-	86.15	12,808.05	18,908.66	31,802.86
(d) Other financial assets	-	1.06	-	-	1.14	-	2.21
<b>Total undiscounted financial assets</b>	<b>20.63</b>	<b>4,550.48</b>	<b>114.74</b>	<b>2,734.42</b>	<b>15,046.29</b>	<b>18,908.66</b>	<b>41,375.23</b>
<b>Financial Liabilities</b>							
(a) Trade payables	-	16.28	-	-	-	-	16.28
(b) Debt securities	-	4,212.89	-	2,646.00	7,951.22	-	14,810.11
(c) Borrowings (other than debt securities)	-	155.56	-	-	10,619.53	1,000.00	11,775.09
(d) Subordinated Liabilities	-	-	11.12	-	150.00	-	161.12
(e) Other financial liabilities	-	7.21	-	-	-	-	7.21
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>4,391.94</b>	<b>11.12</b>	<b>2,646.00</b>	<b>18,720.75</b>	<b>1,000.00</b>	<b>26,769.81</b>
<b>Total net financial assets / (liabilities)</b>	<b>20.63</b>	<b>158.54</b>	<b>103.62</b>	<b>88.42</b>	<b>(3,674.46)</b>	<b>17,908.66</b>	<b>14,605.42</b>

#### As at March 31, 2022 - Analysis of contractual maturities of financial assets and liabilities

	On Demand	Upto 3 Months	3 to 6 Months	6 Months to 1 year	1 year to 5 years	More than 5 years	Total
<b>Financial Assets</b>							
(a) Cash and cash equivalents	10.93	-	-	-	-	-	10.93
(b) Loans	-	629.29	19.92	833.30	398.40	-	1,880.91
(c) Investments	-	4,072.32	110.43	16.65	9,586.19	13,808.55	27,594.14
(d) Other financial assets	-	1.21	-	-	1.12	-	2.33
<b>Total undiscounted financial assets</b>	<b>10.93</b>	<b>4,702.82</b>	<b>130.35</b>	<b>849.95</b>	<b>9,985.71</b>	<b>13,808.55</b>	<b>29,488.31</b>
<b>Financial Liabilities</b>							
(a) Trade payables	-	17.24	-	-	-	-	17.24
(b) Debt securities	-	4,035.40	97.54	3.79	461.05	2,093.55	6,691.33
(c) Borrowings (other than debt securities)	-	87.57	-	-	10,683.80	-	10,771.37
(d) Subordinated Liabilities	-	-	11.12	-	150.00	-	161.12
(e) Other financial liabilities	-	8.85	-	-	-	-	8.85
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>4,149.06</b>	<b>108.66</b>	<b>3.79</b>	<b>11,294.85</b>	<b>2,093.55</b>	<b>17,649.91</b>
<b>Total net financial assets / (liabilities)</b>	<b>10.93</b>	<b>553.76</b>	<b>21.69</b>	<b>846.16</b>	<b>(1,309.14)</b>	<b>11,715.00</b>	<b>11,838.40</b>



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

### 45. Risk Management (Continued)

#### 45.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, 2023		As at March 31, 2022		Primary market risk sensitivity
	Carrying Amount	Traded Risk	Non traded risk	Traded Risk	
Financial Assets					
Investments	31,802.86	-	31,802.86	27,594.14	Price risk, interest rate risk



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

#### 45. Risk Management

##### 45.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.

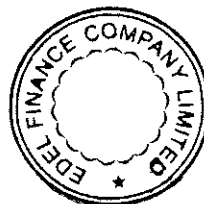
The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at March 31, 2023 and at March 31, 2022

###### Interest rate sensitivity

As at March 31, 2023						
	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Loans	25	23.97	-	25	(23.97)	-
Borrowings	25	(29.44)	-	25	29.44	-

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	-



**Edel Finance Company Limited**
**Notes to the financial statements for the year ended March 31, 2023**

(Currency: Indian rupees in millions)

**Regulatory disclosure of Core Investment Company (CIC)**
**46. CORE INVESTMENT COMPANY ("CIC")**

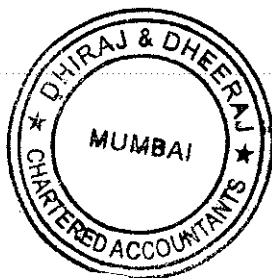
Particulars	As at March 31, 2023	As at March 31, 2022
a) Investments & loans to group companies as a proportion of Net Assets (%)	90.06%	99.98%
b) Investments in equity shares and compulsorily convertible instruments of group companies as a proportion of Net Assets (%)	60.06%	78.77%
c) Capital Adequacy Ratio (%) [Adjusted Net worth / Risk Weighted Assets]	33.25%	41.05%
d) Leverage Ratio (Times) [Outside liabilities / Adjusted Networth]	2.03	1.46

**47. Exposure to real estate sector**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>a) Direct Exposures</b>		
(i) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented property that is or will be occupied by the borrower or that is rented - of which housing loans eligible for inclusion in priority sector advances are rendered		-
(ii) Commercial Real Estate- Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limit		-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
a. Residential		-
b. Commercial Real Estate		-
<b>b) Indirect Exposures</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	2,934.53	2,934.53
<b>Total exposure to Real Estate Sector</b>	<b>2,934.53</b>	<b>2,934.53</b>

**48. 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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>1) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid</b>				
a) Debentures: (other than those falling within the meaning of Public deposits)				
(i) Secured	4,371.31	4,716.65	-	-
(ii) Unsecured	5,748.71	1,974.68	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	-	-	-	-
d) Inter-corporate loans and borrowing	11,775.09	10,771.37	-	-
e) Commercial Paper	4,690.09	-	-	-
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, 2023

(Currency: Indian rupees in millions)

## Regulatory disclosure of Core Investment Company (CIC)

48. 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, 2023	March 31, 2022
<b>2) Break up of Loans and Advances including bills receivables (other than those included in (4) below)</b>	-	-
a) Secured	-	-
b) Unsecured	9,549.53	1,880.91
<b>3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	-	-
i) Lease assets including lease rentals under sundry debtors:	-	-
(a) Financial Lease	-	-
(b) Operating Lease	-	-
ii) Stock on hire including hire charges under sundry debtors	-	-
(a) Assets on hire	-	-
(b) Repossessed assets	-	-
iii) Other loans counting towards Asset Financing Company activities	-	-
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-
<b>4) Break up of Investments</b>	-	-
<b>Current Investments:</b>	-	-
1. Quoted:	-	-
(i) Shares:	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted:	-	-
(i) Shares:	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
<b>Long term Investments:</b>	-	-
1. Quoted:	-	-
(i) Shares:	-	-
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	2,772.47	80.06
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted:	-	-
(i) Shares:	-	-
(a) Equity (refer note 1)	28,924.24	23,222.00
(b) Preference	20.00	-
(ii) Debentures and Bonds	86.15	4,292.08
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

### Notes:

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



**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

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

48. 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 2022-23**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related party			
a) Subsidiaries	-	1,672.50	1,672.50
b) Companies in the same group		7,877.03	7,877.03
2. Other than related parties			-
<b>Total</b>	-	<b>9,549.53</b>	<b>9,549.53</b>

**For 2021-22**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related party			
a) Subsidiaries	-	-	-
b) Companies in the same group	-	1,880.91	1,880.91
2. Other than related parties			-
<b>Total</b>	-	<b>1,880.91</b>	<b>1,880.91</b>

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

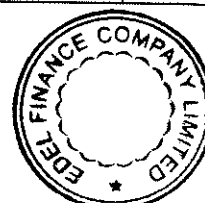
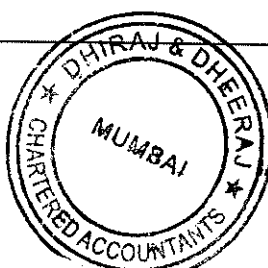
Category	As at March 31, 2023		As at March 31, 2022	
	Market Value / Breakup Value or Fair Value or NAV	Book Value (Net of Provisions)	Market Value / Breakup Value or Fair Value or NAV	Book Value (Net of Provisions)
1. Related party				
a) Subsidiaries	14,856.98	14,856.98	17,790.70	17,790.70
b) Companies in the same group	12,842.72	12,842.72	9,803.44	9,803.44
2. Other than related parties	4,103.16	4,103.16	-	-
<b>Total</b>	<b>31,802.86</b>	<b>31,802.86</b>	<b>27,594.14</b>	<b>27,594.14</b>

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

**6.2) Investments and movement in provision**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>I. Value of Investments*</b>		
i) Gross Value of Investments		
a) In India	31,802.86	27,594.14
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	31,802.86	27,594.14
b) Outside India	-	-
<b>2. Movement of provisions held towards depreciation on investments</b>		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
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, 2023

(Currency: Indian rupees in millions)

## Regulatory disclosure of Core Investment Company (CIC)

48. 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, 2023	March 31, 2022
(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		-

49. 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, 2023

Number of significant counterparties*	Amount	% of Total Deposits	% of Total Liabilities
9	18,731.73	NA	69.88%
<b>Total</b>	<b>18,731.73</b>	<b>-</b>	<b>69.88%</b>

As at March 31, 2022

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

\* "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, 2023

Particulars	Amount*	% of Total Borrowings**
Top 10 Investors	18,981.73	70.97%

As at March 31, 2022

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

\* Represents principal amount

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

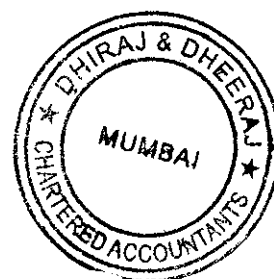
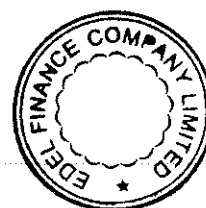
### 4. Funding concentration based on significant instrument / product

As at March 31, 2023

Name of the instrument / product	Amount	% of Total Liabilities
Debt securities	14,971.23	55.85%
Intra Group borrowings	11,775.09	43.93%

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%



**Edel Finance Company Limited**

Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

**Regulatory disclosure of Core Investment Company (CIC)****49. Disclosure on liquidity risk (continued)****5. Stock Ratios**

	As at March 31, 2023	As at March 31, 2022
Commercial papers as a % of total public funds	17.54%	0.00%
Commercial papers as a % of total liabilities	17.50%	0.00%
Commercial papers as a % of total assets	11.16%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total	0.00%	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total	0.00%	0.00%
Other short term liabilities *	-	-
Other short-term liabilities, if any as a % of total public funds**	0.00%	0.00%
Other short-term liabilities, if any as a % of total liabilities***	0.00%	0.00%
Other short-term liabilities, if any as a % of total assets	0.00%	0.00%

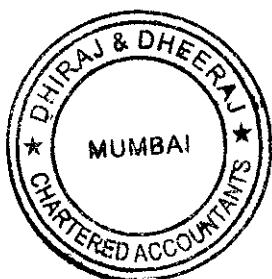
\* "Other short-term liabilities" refers to the borrowing in short term in nature.

\*\* "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, 2023

(Currency: Indian rupees in millions)

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

### **50. 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, 2023**

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	9,587.88	38.35	9,549.53	38.35	-

**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	-

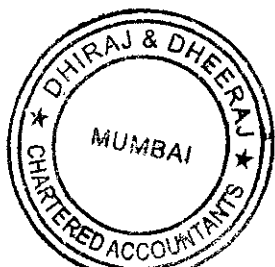
### **51. Asset Liability Management -Maturity pattern of certain items of assets and liabilities**

**As at March 31, 2023**

Particulars	Liabilities		Assets	
	Market borrowings	Inter group borrowings	Advance	Investments
1 day to 30/31 days (One month)	-	155.56	162.24	-
Over One months to 2 months	2,043.16	-	2,091.60	-
Over 2 months up to 3 months	2,169.73	-	2,295.58	-
Over 3 months to 6 months	11.12	-	114.74	-
Over 6 months to 1 year	2,646.00	-	2,648.27	86.15
Over 1 year to 3 years	3,939.34	7,619.53	2,237.10	10,727.03
Over 3 years to 5 years	4,161.88	3,000.00	-	2,081.02
Over 5 years	-	1,000.00	-	18,908.66
<b>Total</b>	<b>14,971.23</b>	<b>11,775.09</b>	<b>9,549.53</b>	<b>31,802.86</b>

**As at March 31, 2022**

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



# Edel Finance Company Limited

## Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

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

#### 52. Provisions and Contingencies:

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

Particulars	As at March 31, 2023	As at March 31, 2022
Provisions for depreciation on investment	-	-
Provision towards non-performing assets	-	-
Provision made towards Income tax (shown below profit before tax)		
Current tax	-	-
Deferred tax	208.78	(164.43)
Current tax relating to earlier years	-	0.14
Impact of change in the rate on opening deferred tax	-	-
Other provision and contingencies:		
Provision for standard assets	30.80	6.04

#### 53. Miscellaneous

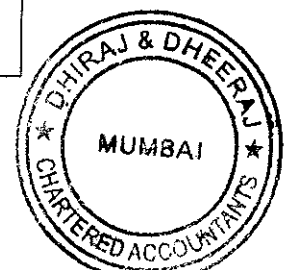
- I) Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.
- II) Penalties imposed by RBI and other regulators: No penalties have been imposed by RBI or other regulators during the year. (Previous Year: NIL)
- III) Ratings assigned by credit rating agencies and migration of ratings during the year:

#### As at March 31, 2023

Instrument category	CRISIL	ICRA	CARE	Brickworks	Acuite
i) Long Term Instruments					
Rating	AA-/Negative	A+/Stable	A+/Negative	AA-/Negative	AA-/Negative
Amount	13,670.00	6,120.00	2,000.00	2,720.00	2,000.00
ii) Short Term Instruments					
Rating	A1+	-	A1+	A1+	-
Amount	15,000.00	-	10,000.00	10,000.00	-
iii) Market link debentures - Long term					
Rating	PP-MLD AA-/Negative	PP-MLD [ICRA] A+/Stable	PP-MLD A+/Negative	-	-
Amount	15,424.20	1,537.60	1,458.20	-	-
iv) Market link debentures - Short term					
Rating	PP-MLD A1+	-	-	-	-
Amount	5,000.00	-	-	-	-

#### 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-/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+	-	-	-
Amount	5,000.00	-	-	-



## Edel Finance Company Limited

### Notes to the financial statements for the year ended March 31, 2023

(Currency: Indian rupees in millions)

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

##### 54. Other Additional Regulatory Information

- 54.1** 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.
- 54.2** 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
- 54.3** 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.
- 54.4** Security of current assets against borrowings  
The Company has no borrowings from banks or financial institutions on the basis of security of current assets.
- 54.5** Wilful Defaulter  
The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
- 54.6** Relationship with Struck off Companies  
The Company do not have any transactions with companies struck off.
- 54.7** 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.
- 54.8** 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).
- 54.9** 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.
- 54.10** 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**

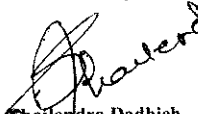
**Notes to the financial statements for the year ended March 31, 2023**

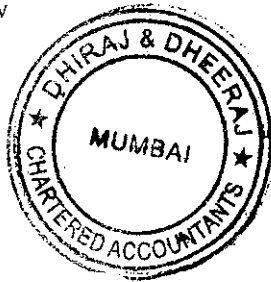
(Currency: Indian rupees in millions)

55. 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.
56. 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

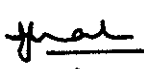



Mumbai May 24, 2023



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

  
**Ananya Suneja**  
Executive Director & CFO  
DIN : 07297081

  
**Vidya Shah**  
Director  
DIN : 00274831

  
**Tarun Khurana**  
Company Secretary

Mumbai May 24, 2023



**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	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	Edelweiss Investment Adviser Limited	Comtrade Commodities Services Limited (Formerly known as Edelweiss Comtrade Limited)	Allium Finance Private Limited	Edelweiss Rural & Corporate Services Limited
Reporting currency	INR	INR	INR	INR	INR
Exchange rate					
Paid-up Equity Share Capital	693.50	6,755.50	290.00	68.26	9,965.35
Reserves of the Subsidiary	7,251.18	(10,954.45)	(282.96)	1,240.08	(5,639.79)
Total Assets of the Subsidiary	37,862.20	6,759.15	34.62	1,311.34	27,019.56
Total Liabilities of the Subsidiary	29,917.52	10,958.11	27.58	3.00	22,694.00
Investments	2,804.02	-	-	1,071.46	19,190.01
Total Turnover	4,446.85	1,636.45	0.61	58.37	8,012.17
Profit/(Loss) before taxation	208.07	(1,167.13)	(4.62)	62.84	(1,753.08)
Provision for taxation	47.44	6.08	0.03	26.13	215.46
Profit/(Loss) after taxation	160.63	(1,173.21)	(4.64)	36.71	(1,968.54)
Proposed dividend	-	-	-	-	-
% of shareholding	95.00%	100%	100%	73.76%	100%

For and on behalf of the Board of Directors

**Ananya Suneja**  
Executive Director & CFO  
DIN : 07297081

**Vidya Shah**  
Director  
DIN : 00274831

**Tarun Khurana**  
Company Secretary

May 24, 2023

**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	ECap Equities Limited (Formerly known as Edel Land Limited)
1	Latest Audited Balance sheet date	31-Mar-23
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)	8,600.0
	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)	5,399.16
5	Profit / (Loss) for the year	
	i. Considered in Consolidation	(79.89)
	ii. Not Considered in Consolidation (including exceptional items)	(72.83)

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

**Ananya Suneja**  
Executive Director & CFO  
DIN : 07297081

**Vidya Shah**  
Director  
DIN : 00274831

**Tarun Khurana**  
Company Secretary

**May 24, 2023**