

ERCSL/Sec/2023/10

January 28, 2023

BSE Limited
P J Towers, Dalal Street,
Fort,
Mumbai - 400 001.

Dear Sir/ Madam,

Sub.: Security Cover Certificate

In accordance with the provisions of Regulation 54 and all other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), please find enclosed herewith Security Cover Certificate as at December 31, 2022.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For Edelweiss Rural & Corporate Services Limited


Chirag Shah
Company Secretary

Encl.: as above

Independent Auditor's Report on book values of the assets and Compliance with respect to Financial Covenants as at December 31, 2022 for submission to IDBI Trusteeship Services Limited (the 'Debenture Trustee')

To,
The Board of Directors
Edelweiss Rural & Corporate Services Limited
Edelweiss House,
Off CST Road, Kalina,
Mumbai - 400098.

1. This report is issued in accordance with the terms of the service scope letter agreement dated January 28, 2023 and master engagement agreement dated September 15, 2022 with Edelweiss Rural & Corporate Services Limited (hereinafter the "Company").
2. We S.R. Batliboi & Co. LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the Company to examine the accompanying Statement on book value of assets and Compliance status of Financial Covenants' for listed non-convertible debt securities as at December 31, 2022 (hereinafter the "Statement") which has been prepared by the Company from the Board approved unaudited financial results, underlying books of account and other relevant records and documents maintained by the Company as at and for the period ended December 31, 2022, pursuant to the requirements of Securities and Exchange Board of India (SEBI) circular dated May 19, 2022 on Revised format of security cover certificate, monitoring and revision in timelines (hereinafter the "SEBI Circular"), and has been initiated by us for identification purposes only.

This Report is required by the Company for the purpose of submission with IDBI Trusteeship Services Limited (hereinafter the "Debenture Trustee") of the Company to ensure compliance with the SEBI Regulations in respect of its listed non-convertible debt securities ('Debentures'). The Company has entered into agreement with the respective Debenture Trustee as stated in the "Table III" of the Statement" in respect of such Debentures.

Management's Responsibility

3. The preparation of the Statement is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management of the Company is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and for providing all relevant information to the Debenture Trustee. and for complying with all the financial covenants as prescribed in the Debenture Trust Deeds entered into between the Company and the Debenture Trustee ('Trust Deeds') and Information Memorandum.

Auditor's Responsibility

5. It is our responsibility is to provide limited assurance and conclude as to whether the:
 - (a) Book value of assets as included in the Statement are in agreement with the books of account underlying the unaudited financial results of the company as at December 31, 2022; and
 - (b) the Company is in compliance with all the financial covenants as mentioned in the Debenture Trust Deeds / Information memorandum as on December 31, 2022.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

6. We have performed a limited review of the unaudited financial results of the Company for the quarter and nine months ended December 31, 2022 prepared by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and issued an unmodified conclusion vide our report dated January 28, 2023. Our review of those financial results was conducted in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial results of the Company taken as a whole. We have not performed an audit, the objective of which would be the expression of an opinion on the financial results, specified elements, accounts or items thereof, for the purpose of this report. Accordingly, we do not express such opinion.
10. A limited assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures performed vary in nature and timing from, and are less extent than for, a reasonable assurance. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we have performed the following procedures in relation to the Statement:
 - a) Obtained and read the Debenture Trust Deeds and Information Memorandum and noted the financial covenants applicable to the listed debt securities.
 - b) Traced the book value of assets from the Statement to the unaudited financial results and books of accounts maintained by the Company as on December 31, 2022.
 - c) Obtained the list and value of assets placed under lien or encumbrance and determined that appropriate disclosures made in the statement.
 - d) With respect to compliance with all financial covenants included in the statement, we have performed following procedures:
 - (i) Obtained the copies of bank statements and traced the date of repayment of principal and interest due on sample basis during the period April 01, 2022 to December 31, 2022.
 - (ii) We have verified the compliance of financial debt covenants as per the Debenture Trust Deeds / Information Memorandum till date of this certificate. With respect to the financial covenants for the quarter / nine months ended December 31, 2022 for which due date is after the date of this certificate, management has represented to us that the same shall be duly complied with within the due date; and
 - (iii) Performed necessary inquiries with the management regarding any instances of non-compliance of financial covenants during the nine months ended December 31, 2022.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- e) With respect to covenants other than those mentioned in paragraph 10(d) above, the management has represented and confirmed that the Company has complied with all the other covenants including affirmative, informative, and negative covenants, as prescribed in the Debenture Trust Deeds / Information Memorandum, as at December 31, 2022. We have relied on the same and not performed any independent procedure in this regard.
- f) Performed necessary inquiries with the Management and obtained necessary representations.

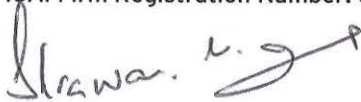
Conclusion


11. Based on the procedures performed by us, as referred to in paragraph 10 above and according to the information and explanations received and management representations obtained, nothing has come to our attention that causes us to believe that:
- a) The Book values of assets as included in the Statement are not in agreement with the books of account underlying the unaudited financial results of the Company as at December 31, 2022; and
 - b) The Company is not in compliance with all the financial covenants as mentioned in the Trust Deeds/Information Memorandum as on December 31, 2022.

Restriction on Use

12. The Report has been issued at the request of the Company, solely in connection with the purpose mentioned in paragraph 2 above and to be submitted with the accompanying Statement to the Debenture Trustee and is not to be used or referred to for any other person. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come. We have no responsibility to update this certificate for events and circumstances occurring after the date of this report.

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



 per Shrawan Jalan
Partner
Membership Number: 102102
UDIN: 23102102BGXIVJ3270



Place of Signature: Mumbai
Date: January 28, 2023

Statement of Security Cover and covenants compliance

- a) The listed entity has vide its Board Resolution and information memorandum / offer document and under various Debenture Trust Deeds has issued the following listed debt securities.

Sr .No.	ISIN	Facility	Secured/Unsecured	Outstanding Principal Amount in Cr.
1	INE616U07036	Non-convertible Debt Securities	Secured	400
2	INE657N07381	Non-convertible Debt Securities	Secured	200
3	INE657N07431	Non-convertible Debt Securities	Secured	20
	Grand Total			620

b) Security cover for Listed Debt Securities

(i) The financial information as on 31 December 2022 has been extracted from the books of accounts for the quarter and nine months ended 31 December 2022 and other relevant records of Edelweiss Rural & Corporate Services Limited.

(ii) The assets of the listed entity provide coverage of 1.1 in accordance with the terms of issue/ debenture trust deed (calculation as per statement of security cover ratio for the Secured Debt securities - Annexure A)



Annexure A - Security Cover

Column A Particulars	Column B Description of asset for which this certificate relate	Column C Exclusive Charge	Column D Exclusive Charge	Column E Part. Passu Charge	Column F Part. Passu Charge	Column G Part. Passu Charge	Column H Part. Passu Charge	Column I Part. Passu Charge	Column J Part. Passu Charge	Column K Part. Passu Charge	Column L Part. Passu Charge	Column M Part. Passu Charge	Column N Part. Passu Charge	Column O Part. Passu Charge	Column P Part. Passu Charge
Related to only those items covered by this certificate															
		Book Value	Book Value	Yes/No	Book Value	Book Value	Book Value	Book Value	Book Value	Book Value	Book Value	Book Value	Book Value	Book Value	Book Value
ASSETS															
Property, Plant and Equipment	Property	200.66	-	Yes	-	-	-	-	205.37	-	653.17	-	-	-	653.17
Capital Work-in-Progress		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	0.50	0.50	-	-	-	-	-
Intangible Assets under Development		-	-	-	-	-	-	-	0.20	0.20	-	-	-	-	-
Investments		-	-	-	-	-	-	-	1,974.63	1,974.63	-	-	-	-	-
Loans		-	-	Yes	57.99	-	-	-	407.84	465.83	-	-	57.99	57.99	-
Inventories		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade Receivables		-	-	-	-	-	-	-	-	14.34	-	-	-	-	-
Cash and Cash Equivalents		-	-	-	-	-	-	-	5.54	5.54	-	-	-	-	-
Bank Balances other than Cash and Cash Equivalents		-	-	-	-	-	-	-	42.28	42.28	-	-	-	-	-
Others		-	-	-	-	-	-	-	288.59	288.59	-	-	-	-	-
Total		200.66	200.66		57.99	57.99		2,939.30	3,197.95	653.17	653.17	57.99	57.99	711.16	711.16
LIABILITIES															
Debt securities to which this certificate pertains		593.79	593.79	Yes	52.72	52.72	-	-	-	646.51	593.79	-	52.72	646.51	-
Other debt charging pari-passu charge with above debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Debt		-	-	-	-	-	-	-	-	1,120.95	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	237.96	-	-	-	-	-
Borrowings		-	-	-	-	-	-	-	-	552.58	-	-	-	-	-
Bank		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Securities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables		-	-	-	-	-	-	-	17.05	17.05	-	-	-	-	-
Lease Liabilities		-	-	-	-	-	-	-	0.97	0.97	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	3.12	3.12	-	-	-	-	-
Others		-	-	-	-	-	-	-	21.14	21.14	-	-	-	-	-
Total		593.79	593.79		52.72	52.72		2,579.14	2,579.14	593.79	593.79	52.72	52.72	646.51	646.51
Cover on Book Value*		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cover on Market Value		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Cover Ratio**		-	-	-	-	-	-	-	59.38	59.38	-	-	-	527	-
		-	-	-	-	-	-	-	1.10	1.10	-	-	-	1.10	-

* For the purpose of Security Coverage Ratio (SCR), the fair value of the Investment Property i.e. Edelweiss House amounting to Rs. 653.17 crores (WDM Rs. 300.66 crores) has been considered. The fair value report of the property is submitted annually to relevant Trustees, implying that the fair value is considered for the purpose of SCR. This fair value is based on valuation done by an Independent Valuer as per the report dated May 13, 2022.

**The assets are secured to the extent required to maintain the agreed Security Cover in respect of the Debentures. Accordingly, total asset is derived by taking into consideration the required security cover mentioned in the respective Debenture Trust Deed Information Memorandum.

Naraina Clearing Services Limited (NCSL) (Formerly known as Edelweiss Custodial Services Limited), a associate of Edelweiss Financial Services Limited (EFSL) challenged an order, by an investigating agency, marking them on its clearing account, before the 47th Additional Chief Metropolitan Magistrate Court, Mumbai (ACMM). Since the investigation against Amrutha 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 ban order, upon NCSL providing an undertaking to keep sufficient assets unencumbered. The above case which pending before ACMM, has now been transferred to the City Civil & Sessions Court under Maharashtra Protection of Interest of Depositors (Financial Enablers) Act, 1999 (MPEID). 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 Company has provided the undertaking to keep sufficient unencumbered assets amounting to Rs. 57 crores belonging to the Company and the said, has been set aside. During the quarter the Company has transferred, such perpetual bond that was given as undertaking to investigating agencies, amounting to Rs. 195 crores to Edel Finance Company Limited in accordance with undertaking submitted to investigating agency that total given undertaking will remain with Edelweiss Group. The Company is in the process of arranging letter to investigating agency to update them on this matter.

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 the months ended 31 December 2022.



c) Compliance of all the financial covenants / terms of issue in respect of listed secured debt securities of the listed entity.

Details of Debenture Trust Deeds entered by the Company:

Sr. No	Particulars	Trustee Name	Complied with financial Covenants	If no, reason for non-compliance
1	DTD dated September 11, 2015	IDBI trusteeship services limited	Complied	Not applicable
2	DTD dated August 23, 2017	IDBI trusteeship services limited	Complied	Not applicable
3	DTD dated August 24, 2017	IDBI trusteeship services limited	Complied	Not applicable

For Edelweiss Rural & Corporate Services Limited



Ravindra Dhobale
Executive Director and Chief Financial Officer



Date: 28 January 2023