

**Edelweiss Retail Finance Limited**  
**Corporate Identity Number: U67120MH1997PLC285490**

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**Financial Statement for the year ended March 31, 2023**

**Edelweiss Retail Finance Limited**  
**Financial Statement for the year ended March 31, 2023**

**Board of Directors**

Ms. Shilpa Gattani	- Non- Executive Director
Mr. Phanindranath Kakarla	- Non- Executive Director
Mr. Sunil Phatarphekar	- Independent Director
Mr. Vinod Juneja	- Independent Director

**Manager**

Mr. Manoj Agarwal  
(Appointed as Manager w.e.f. 01.02.2023)

**Chief Financial Officer**

Mr. Hitesh Bhadada  
(Appointed as CFO w.e.f. 26.07.2022)

**Statutory Auditors**

M/s. G.D. Apte & Co. LLP

**Secretarial Auditors**

M/s Manish Ghia & Associates

**Registered Office**

Tower 3, Wing B, Kohinoor City Mall,  
Kiro Road, Kurla West  
Mumbai - 400 070  
Corporate Identity No.:  
U67120MH1997PLC285490  
Tel: +91 22 4009 4400;  
Fax: +91 22 4086 3759;  
Email: cs.cbg@eclf.com

**Debenture Trustee**

**IDBI Trusteeship Services Limited**

T: (91) (22) 40807068

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001.

Website: <http://www.idbitrustee.com>

**Registrar & Transfer Agent**

**Link Intime India Private Limited**

C- 101 1st Floor 247 Park  
L.B.S. Marg, Vikhroli (West)  
Mumbai 400083, Maharashtra, India  
Tel: +91 22 4918 6200; Fax: +91 22 4918 6195

**Kfin Technologies Private Limited**

Karvy Selenium Tower B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda,  
Hyderabad - 500 032  
Tel: +91 40 6716 2222; Fax: +91 40 2300 1153

## BOARD'S REPORT

To the Members of  
 Edelweiss Retail Finance Limited

The Directors hereby present their 26<sup>th</sup> Annual Report on the business, operations and the state of affairs of the Company together with the Audited Financial Statements for the year ended March 31, 2023:

### Financial Highlights

Particulars	(₹ in millions)	
	2022 - 23	2021 - 22
<b>Total Income</b>	1297.21	1,773.80
Total Expenditure	926.20	1,519.78
<b>Profit before tax</b>	<b>371.01</b>	<b>254.01</b>
Provision for tax (including Deferred Tax)	93.15	69.32
<b>Profit after tax</b>	<b>277.86</b>	<b>184.69</b>
Add: Profit and Loss account balance brought forward from previous year	1110.95	959.86
Other Comprehensive Income	0.88	(0.39)
Transition impact of Ind AS 116 (net of tax)	-	-
<b>Profit available for appropriation</b>	<b>1389.70</b>	<b>1144.16</b>
<b>Appropriations</b>		
- Transfer to special reserve under Section 45-IC of the Reserve Bank of India Act, 1934	(55.57)	(36.94)
- Transfer to/from Debenture Redemption Reserve	44.93	-
- Deemed distribution during the year	-	-
- Reversal of ESOPs charges on cancellation	0.46	3.73
<b>Surplus carried to Balance Sheet</b>	<b>1379.51</b>	<b>1,110.95</b>
<b>Net worth (Net worth = Equity share capital + other equity)</b>	<b>5366.50</b>	<b>5087.29</b>

### Information on the state of affairs of the Company

Information on the operational and financial performance, among others, is given in the Management Discussion and Analysis Report which is attached as “Annexure I” to this Report and that same is in accordance with the provisions of the RBI Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016, as amended from time to time. During the year, there was no change in nature of Business of the Company.

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### **Reserves and Surplus**

The details of the Reserves and Surplus are given in the Financial Statement attached herewith.

### **Share Capital**

During the year, there was no change in the Authorised Share Capital and Paid-up Share Capital of the Company. As at March 31, 2023, the Authorised Share Capital and Paid up Share Capital of the Company stands at ₹500.00 million and ₹ 429.50 million respectively.

### **Dividend**

With a view to conserve the resource of the Company, the Directors are not recommending any Dividend for the year ended March 31, 2023.

### **Finance & Credit Ratings**

During the year, the Company had not issued any securities. During the year, the company had raised long term funds of ₹ 300 million from a NBFC. The Company has adequate liquidity in line with the Asset Liability Management Requirements.

The Company enjoys credit rating from various Rating Agencies. The details of the credit ratings are furnished in the Notes to the Financial Statements.

### **Subsidiaries, Joint Ventures and Associate Company**

The Company does not have any Subsidiary or Associate Company, nor has it entered into any Joint Venture Agreement under the provisions of the Companies Act, 2013.

### **Our network of offices**

We operate through a wide network of 34 offices as of March 31, 2023 spread across 15 States and 2 Union Territories. The reach of our branches allows us to service our existing customers and attract new customers. We service multiple products through each of our offices, which reduces operating costs and improves total sales. Our spread out office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoons or droughts.

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### **Loans, Investments and Guarantees**

The Company is a NBFC registered with the Reserve Bank of India, engaged in the business of providing loans and making investments. During the year, the Company did not give any guarantee. Further, the provisions of Section 186 of the Companies Act, 2013 pertaining to giving of loans, guarantees or providing security in connection with loan and acquisition of securities of any body-corporate are not applicable to the Company.

### **Related Party Transactions**

All the Related Party Transactions entered by the Company during the year were in the ordinary course of business and on arm's length. Particulars of contracts or arrangements with the Related Parties as prescribed in Section 188 of the Act in Form AOC -2 is annexed to this Report as **Annexure II**. All the Related Party Transactions as required under the applicable Accounting Standards are reported in the financial statements.

The Company has formulated Related Party Transactions Policy, which is uploaded on the website of the Company, at <https://www.edelweissretailfin.com/corporate-governance/?Investor%20Relations>.

### **Material changes and commitments, if any, affecting the financial position of the Company**

No material changes and commitments affecting the financial position of the Company have occurred between the end of the Financial Year of the Company to which the Financial Statement relates (i.e. March 31, 2023) and the date of the report.

### **Annual Return**

Pursuant to Sections 92 and 134 of the Act, the Annual Return as at March 31, 2023 in Form MGT-7, is available on the website of the Company at the link: <https://www.edelweissretailfin.com/>.

### **Directors and Key Managerial Personnel**

#### **i) Independent Directors**

The Company has 2 (Two) Independent Directors as on the date of this Report. In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of

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independence as provided in the said section. Accordingly, the Company confirms that in the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in Section 149(6) of the Companies Act, 2013 and that the Independent Directors are independent of the Management. In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise, experience and proficiency. Further, the Independent Directors have, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, enrolled themselves in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs.

#### ii) Non-Independent Directors

The Board of the Company has 2 (two) Non-Executive Directors as on date of this Report.

#### iii) Changes in Directors

During the year, there was no change in the Board of Directors of the Company. Mr. Phanindranath Kakarla (DIN: 02076676) retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

#### iv) Key Managerial Personnel

During the year and until the date of this report, there were following changes in the Key Managerial Personnel of the Company:

Sr. No	Name of the KMP	Nature of Change	Effective Date
1.	Mr. Hitesh Bhadada	Appointed as Chief Financial Officer	July 26, 2022
2.	Mr. Jignesh Gaglani	Resigned as Company Secretary (CS)	September 29, 2022
3.	Mr. Mehernosh Tata	Resigned as Chief Executive Officer	January 31, 2023
4.	Ms. Inara Wadhwanian*	Appointed as Company Secretary (CS)	February 01, 2023
5.	Mr. Manoj Agarwal	Appointed as Manager	February 01, 2023

\*Ms. Inara Wadhwanian resigned as Company Secretary of the Company w.e.f. close of business hours on May 15, 2023.

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### **Number of Board Meetings held**

During the Financial Year 2022-23, the Board met 7 (seven) times on May 06, 2022, June 23, 2022, July 26, 2022, October 31, 2022, January 21, 2023, January 31, 2023 and March 28, 2023 respectively.

The number of meetings attended by the members of the Board are as follows:

<b>Member</b>	<b>Category</b>	<b>Meetings attended</b>
Ms. Shilpa Gattani	Non-Executive Director	7
Mr. Phanindranath Kakarla	Non-Executive Director	6
Mr. Sunil Phatarphekar	Independent Director	6
Mr. Vinod Juneja	Independent Director	7

### **Remuneration Policy and Criteria for making payment to Non-Executive Director**

The Company has formulated a Remuneration Policy (“Policy”) as per the provisions of Section 178 of the Companies Act, 2013. The said Policy is placed on the website of the Company at <https://www.edelweissretailfin.com/corporate-governance/?Other%20Policies>. The Policy is directed towards a compensation philosophy and structure that will reward and retain talent; and provides for a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The Policy, *inter-alia*, provides for criteria for payment to Executives and Non-Executive Directors, Board diversity, etc.

### **Evaluation of the Performance of the Board**

The Board has framed a Board Evaluation Policy (“the Policy”) for evaluating the performance of the Board, Directors and the Committees of the Board. The said Policy is placed on the website of the Company at <https://www.edelweissretailfin.com/investor-relations/>.

The Policy *inter-alia* provides the broad criteria for performance evaluation and authorizes the Nomination and Remuneration Committee to prescribe criteria/framework for Board Evaluation. Accordingly, the Nomination & Remuneration Committee has prescribed a detailed methodology/approach for the aforesaid evaluations. Based on the same, the performance was evaluated for the financial year ended March 31, 2023. The Independent Directors at their meeting reviewed the performance of the Board and Non-Independent Directors. The Board of

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Directors in its meeting evaluated the performance of Independent Directors, performance of Board and its Committees along with flow of information for conducting meetings of Board/Committees. The Nominations & Remuneration Committee also evaluated the performance of all Directors.

### **Internal Financial Controls and Internal Control System**

The Company has in place adequate internal financial controls with reference to financial statements. The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with the laws and regulations. The internal control system is also supported by an internal audit process. Internal Audit is conducted through a co-sourced model duly supported by internal team.

Based on its internal evaluation and as confirmed by the Statutory Auditors of the Company, the management believes that adequate Internal Financial Controls, commensurate to the size and nature of the business, exist in relation to its Financial Statements.

### **Risk Management**

Risk management is an integral part of the Company's business strategy. It maintains a robust risk management framework/policy to identify, assess, manage, prioritize, monitor and report risks. It makes decisions based on a conscious and careful risk-return trade-off in line with the defined strategy and within its risk appetite. It ensures financial stability and continuity of the business by monitoring its risk profile periodically and ensuring risk management activities are executed effectively to manage the overall Risk levels within approved limits.

The Risk Management Committee oversees the risk management framework of the Company through regular and proactive intervention by senior management personnel. Further details on the same is given in the Management Discussion and Analysis Report which is annexed to this Report as Annexure I.

### **Committees of the Board**

The Company has the following Board Committees under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015:

- i. Audit Committee.
- ii. Stakeholders Relationship Committee.

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- iii. Corporate Social Responsibility Committee.
- iv. Nomination and Remuneration Committee.
- v. Risk Management Committee.

In addition to the above, the Company has also constituted IT Strategy Committee and Asset Liability Management Committee under the RBI Guidelines.

The Board also constitutes specific committee(s) from time to time, depending on business needs.

#### **i. Audit Committee**

In accordance with the provisions of Section 177 of the Companies Act, 2013, (the Act), the Board of the Company has constituted an Audit Committee. The said Committee carries out such functions as are statutorily prescribed under the extant applicable laws and as per terms of reference as approved by the Board. During the year ended March 31, 2023, the Audit Committee met Five (5) times i.e. on May 06, 2022, July 26, 2022, October 31, 2022, January 21, 2023 and March 28, 2023. The constitution and the number of meetings attended by the Members of the Audit Committee during the year is given below:

<b>Member</b>	<b>Category</b>	<b>Designation</b>	<b>Meetings attended</b>
Mr. Sunil Phatarphekar	Member	Independent Director	4
Dr. Vinod Juneja	Member	Independent Director	5
Ms. Shilpa Gattani	Member	Non- Executive Director	5

There were no instances wherein any recommendation of the Audit Committee was not accepted by the Board.

#### **ii. Stakeholders Relationship Committee**

In accordance with the provisions of Section 178 of the Act, the Board of Directors of the Company have constituted a Stakeholders Relationship Committee ('SRC Committee'). The said Committee carries out such functions as are statutorily prescribed under the extant applicable laws and as per terms of reference as approved by the Board. During the year ended March 31, 2023, the Stakeholders Relationship Committee met once on May 6, 2022. The constitution and the number of meetings attended by the Members of the SRC Committee during the year is given below:

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Member	Category	Designation	Meetings attended
Ms. Shilpa Gattani	Member	Non- Executive Director	1
Mr. Phanindranath Kakarla	Member	Non- Executive Director	1
Mr. Mehernosh Tata	Member	Chief Executive Officer	0 <sup>1</sup>
Mr. Manoj Agarwal	Member	Manager	0 <sup>2</sup>

<sup>1</sup> Mr. Mehernosh Tata resigned as member w.e.f. January 31, 2023

<sup>2</sup> Mr. Manoj Agarwal appointed as member w.e.f. February 1, 2023

### iii. Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 (the Act), the Board has constituted a Corporate Social Responsibility Committee. The said Committee carries out such functions as are statutorily prescribed under the extant applicable laws and as per terms of reference as approved by the Board. During the year ended March 31, 2023, the Corporate Social Responsibility Committee met twice on May 6, 2022 and July 26, 2022. The constitution and meeting attended by the Members of the CSR Committee during the year is given below:

Member	Category	Designation	Meetings attended
Mr. Sunil Phatarphekar	Member	Independent Director	2
Dr. Vinod Juneja	Member	Independent Director	2
Ms. Shilpa Gattani	Member	Non-Executive Director	2

The CSR Policy of the Company is available on the website of the Company i.e. <https://www.edelweissretailfin.com/corporate-governance/?Other%20Policies>. During the year, the CSR Policy was amended to align the same in accordance with the amendments in the CSR provisions of the Companies Act, 2013 and Rules made thereunder. Further, report on the CSR activities for the FY 2022-23 is annexed as **Annexure III**.

### iv. Nomination and Remuneration Committee

In accordance with the provisions of Section 178 of the Companies Act, 2013, (the Act), the Board of Directors has constituted a Nomination and Remuneration Committee (NRC). The said Committee carries out such functions as are statutorily prescribed under the extant applicable laws and as per terms of reference as approved by the Board. During the year ended March 31, 2023, the Nomination & Remuneration Committee met 3 (Three) times i.e. on May 6, 2022, June 23, 2022 and January 21, 2023. The constitution and the meeting attended by the Members of the NRC during the year is given below:

Member	Category	Designation	Meetings attended
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Mr. Sunil Phatarphekar	Member	Independent Director	3
Dr. Vinod Juneja	Member	Independent Director	3
Ms. Shilpa Gattani	Member	Non- Executive Director	3

#### v. Risk Management Committee

In accordance with the RBI guidelines, the Board of Directors has constituted a Risk Management Committee (RMC). The said Committee carries out such functions as are statutorily prescribed under the extant applicable laws and as per terms of reference as approved by the Board. During the year, the Risk Management Committee met Four (4) times i.e. on May 18, 2022, September 12, 2022, November 28, 2022 and February 24, 2023. The constitution and the number of meetings attended by the Members of the Committee during the year under review is given below:

Member	Category	Meetings attended
Mr. Mehernosh Tata	Member	3 <sup>1</sup>
Mr. Yogesh Kanojia	Member	1 <sup>2</sup>
Ms. Shilpa Gattani	Member	4
Mr. Hitesh Bhadada	Member	3 <sup>3</sup>
Mr. Manoj Agarwal	Member	1 <sup>4</sup>

<sup>1</sup> Mr. Mehernosh Tata ceased to be member w.e.f. January 31, 2023

<sup>2</sup> Mr. Yogesh Kanojia ceased to be member w.e.f. July 26, 2022.

<sup>3</sup> Mr. Hitesh Bhadada was appointed as member w.e.f. July 26, 2022

<sup>4</sup> Mr. Manoj Agarwal was appointed as member w.e.f. February 1, 2023

#### vi. Asset Liability Management Committee:

The ALCO Committee is constituted in compliance with the applicable RBI guidelines. The Committee's composition is in compliance with the provisions of the RBI Guidelines.

During FY 2022-23, the Committee met five times during the year on May 18, 2022, June 15, 2022, August 3, 2022, November 28, 2022, and February 24, 2023.

#### vii. IT Strategy Committee:

IT Strategy Committee is constituted in compliance with the applicable RBI guidelines. The Committee's composition is in compliance with the provisions of the RBI Guidelines.

During FY 2022-23, the Committee met two times on June 9, 2022, and November 30, 2022.

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### **Statutory Auditors**

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act) and RBI circular ("Circular") dated 27th April 2021 on the Guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), Members of the Company at their 24<sup>th</sup> Annual General Meeting held on September 24, 2021 had appointed M/s. G D Apte & Co., as the Statutory Auditor of the Company from the conclusion of 24<sup>th</sup> Annual General Meeting of the Company till the conclusion of 27<sup>th</sup> Annual General Meeting of the Company.

The Statutory Audit Report does not contain any qualifications, reservations and adverse remarks.

### **Internal Auditor**

The Board had appointed M/s. M.M. Nissim & Co. as the Internal Auditors of the Company for the financial year ended March 31, 2023.

### **Secretarial Audit**

The Board had appointed M/s. Manish Ghia & Associates, Company Secretaries, as Secretarial Auditor of the Company for the financial year ended March 31, 2023. A report issued by the Secretarial Auditors is annexed as **Annexure IV**. The Secretarial Audit Report does not contain any qualifications, reservations and adverse remarks.

### **Prevention of Sexual harassment of Women at Workplace**

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action is taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has in place, a corporate policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace (the 'Policy') and matters connected therewith or incidental thereto covering all the aspects as contained under the 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'. The Company also has in a place an Internal Committee constituted under Sexual Harassment Prevention Act and Rules made thereunder to look into all complaints of sexual harassment made by an Aggrieved Person

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provided the sexual harassment has taken place at workplace or in the course of official duties. There was no complaint filed during the financial year and no complaint was pending at the end of the financial year.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings / Outgo**

#### **A. Conservation of energy**

**i) Steps taken or impact on conservation of energy:**

The operations of the Company are not energy-intensive. However, adequate measures have been initiated for conservation of energy:

- Quarterly /Periodic maintenance of Air Conditioners are carried out for better performance and to control power consumption across branches.
- Electrical Planned Preventive Maintenance is performed at the branches to ensure that the health of the Electrical set-up is maintained which in turn conserves energy.
- changed the HVAC schedule running operation which reduces the unnecessary running of Air conditioner.

ii) the steps taken by the Company for utilising alternate source of energy - though the operations of the Company are not energy intensive, the Company shall explore alternative source of energy, as and when the necessity arises.

iii) the capital investment on energy conservation equipment - Nil

#### **B. Technology absorption**

**i) The efforts made towards technology absorption:**

The following efforts have been taken towards technology absorption:

- a) The Company is continually working towards streamlining & optimizing the business workflows via technology absorption for most of the business functions & operations of the Company;
- b) Majority of legacy applications have been, either consolidated, or decommissioned; & have been replaced with digital workflows & modern technology solutions;
- c) Engineering of better technology solutions & elimination of fragmented applications, legacy applications, or applications functioning in silos; a

continuous process; shall continue in-parallel; so that there are no outages & zero business continuity risks;

- d) The Company is continually working towards digitization & digitalization across various business verticals;
- e) The Company has adopted a cloud-first approach, for all of its existing & future applications; with a keen intent of optimizing technology spends & embracing cutting-edge tech stack.

**ii) The benefits derived like product improvement, cost reduction, product development or import substitution:**

- a) Reduction of data-loss during customer onboarding;
- b) Consolidation of digital assets, storage & speedy retrieval;
- c) Various product enhancements; and
- d) Cost & resource optimization of ownership & upkeep of multiple applications relating to manpower, infrastructure, support and maintenance.

**iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable**

**iv) The expenditure incurred on Research and Development:**

- a. The Company does not have a dedicated R&D division.
- b. The Company has been adopting cutting edge technology stack (low-code / no-code development platform, etc.) and unconventional models for solution engineering; for fastest go-to-market product deliveries.

The Company operates in a highly automated environment and makes use of the latest technologies to support various operations. It has in place a governance framework, information security practices and a business continuity plan to mitigate information technology-related risks. It is also guided by the Information Security Policy and Cyber Security Policy laid down by RBI Master Direction - Information Technology Framework for the NBFC Sector. In addition, employees mandatorily and periodically undergo information security training and sensitization exercises.

## **C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

There were no foreign exchange earnings and outgo during the year.

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## **Secretarial Standards**

The Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India. The Company has devised proper systems to ensure the same and that such systems are adequate and operating effectively.

## **Other Disclosure**

- No disclosure is required in respect of the details relating to the issue of Equity Shares with differential rights as to dividend, voting or otherwise and Sweat Equity Shares, as the Company has not issued these types of shares.
- There were no significant or material orders passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the Company's operations in future.
- Further, no fraud was reported by the Auditors under sub-section (12) of section 143 during the year.
- There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year. There was no instance of one-time settlement with any Bank/Financial Institution in respect of loan taken by the Company.
- There was no revision in the financial statements of the Company.
- Disclosure pertaining to maintenance of cost records as specified under the Act is not applicable to the Company.

## **Public Deposits**

The Company neither held any public deposits at the beginning of the year nor has it accepted any public deposits during the year.

## **Whistle Blower Policy/Vigil Mechanism**

Pursuant to Section 177 of the Companies Act, 2013 the Company has in place a whistle blower policy for establishing a vigil mechanism for Directors and employees to report instances of unethical and/ or improper conduct and to take suitable steps to investigate and correct the same. Directors, employees, vendors, customers or any person having dealings with the Company may report non-compliance of the policy to the noticed persons. The copy of the policy is available on <https://www.edelweissretailfin.com/corporate-governance/?Other%20Policies>.

The Directors and management personnel maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination. No person was denied

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Registered Office : Tower 3, Wing ' B', Kohinoor City Mall , Kohinoor City, Kiro Road, Kurla (west), Mumbai – 400070, Maharashtra; ☎ +91 22 4272 2200

Email : [assistance@eclf.com](mailto:assistance@eclf.com) Web : [www.edelweissretailfin.com](http://www.edelweissretailfin.com)

access to the Audit Committee during the year. The Audit Committee of the Board of Directors of the Company oversees the vigil mechanism.

### **Particulars of Employees**

In accordance with the provisions of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of the employees are set out in the annexure to this Report. In terms of the provisions of Section 136 of the Act, the Report is being sent to the Members of the Company excluding the annexure. Any Member interested in obtaining a copy of the annexure may write to the Company Secretary at the Registered Office of the Company.

Further, disclosures on managerial remuneration as required under Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided as **Annexure V** to this Report.

### **Directors' Responsibility Statement**

Pursuant to Section 134 of the Companies Act, 2013 (the Act), Directors confirm that:-

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) accounting policies have been selected and applied consistently and judgments and estimates made, are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and profit and loss of the Company for the financial year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going concern basis;
- v) internal financial controls have been laid down and the same are adequate and were operating effectively; and
- vi) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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**Debenture Trustee:**

**IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai- 400 001, Maharashtra, India  
Tel: +91 22 4080 7000;  
Fax: +91 22 6631 1776/40807080  
E-mail: itsl@idbitrustee.com  
Website: www.idbitrustee.com  
Contact Person: Mr. Naresh Sachwani

**Acknowledgments**

The Board of Directors wish to acknowledge the continued support extended and guidance given by the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, Ministry of Corporate Affairs, Banks, other Government authorities and other stakeholders. The Board would like to acknowledge the support of its customers, investors and members. The directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company.

**For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited**

**Date: May 16, 2023  
Place: Mumbai**

**Phanindranath Kakarla  
Director  
DIN: 02076676**

**Shilpa Gattani  
Director  
DIN: 05124763**

**Edelweiss Retail Finance Limited**

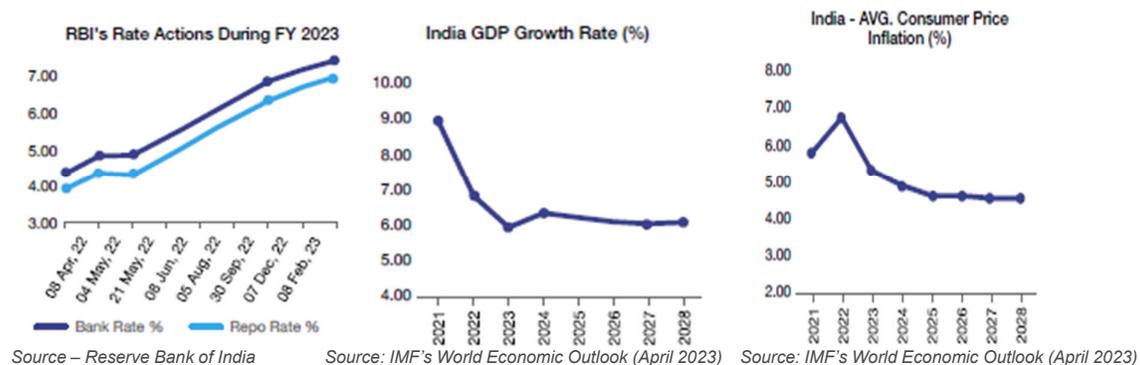
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## Management Discussion Analysis

### Macro Economy: Review and Outlook

The global economy has faced several challenges in 2022 and host of them have also got carried forward in 2023, including the ongoing war in Ukraine, rising inflation, and central bank tightening. Down from 3.6% in 2022, the International Monetary Fund (IMF) has downgraded its forecast for global growth in 2023 to 2.8% and a slight increase to 2.9% in 2024.

Central banks across the world have raised interest rates to cool inflation which could slow economic growth. Back home, in its bid to tame inflationary pressures during FY2022, the Reserve Bank of India (RBI) has increased interest rates by 2.5% through six monetary policy committee interventions.



Domestically, India's GDP growth clocked an annual increase of 7.2% in FY2023 against RBI's expectation of 7.0% while the Central Bank pronounced that the economic activity remained resilient during the fiscal gone by. With global commodity prices having moderated significantly from their heightened levels in 2022, cost conditions eased, and inflation expectations of households also edged down. However, adverse climatic conditions pose risk to the future inflation trajectory in India. The RBI has projected consumer price inflation (CPI) to moderate to 5.2% in FY2024 on the assumption of an annual average crude oil price (Indian basket) of US\$ 85 per barrel and a normal monsoon.

### Industry Structure and Developments

Backed by robust credit demand supported by economic rebound, non-banking financial companies (NBFCs) were expected to grow their assets under management (AUM) by 13-14% during FY2023, which was twice the 7% AUM growth seen during FY2022. A substantial part of FY2023 saw NBFCs having mixed bag of advantages like stronger balance sheets with higher provisioning and lower leverage and receding asset-quality concerns. While competition from banks continued to remain intense, the rising interest rate environment exerted pressure on margins and limited the competitive abilities of NBFCs.

In the current scenario of higher interest rates liquidity plays a more significant role for NBFCs, and co-lending as an avenue becomes more significant owing to the asset-light nature of the operating model.

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Taking comfort from the cool down in inflation, in the June 2023 monetary policy meeting, the RBI, maintained status quo on interest rates. Lower inflation could prompt the central bank to cut interest rates during FY2024, which could propel demand for credit. The NBFCs, which have comfort of better NPAs in the current cycle would be in a better position to augment the growth in retail credit demand.

The improving macroeconomic scenario will aid confidence of the MSME sector which will open a strong credit demand opportunity for the NBFCs to augment.

## **MSME**

India's Micro, Small and Medium Enterprises (MSME) sector is a major contributor to the economy, accounting for over 49% of the country's manufacturing output, 33% of its exports, and 45% of its employment. In FY2023, the MSME sector is pegged to have grown by 9.5%, led by strong demand for its products and services both domestically and internationally.

The growth of the MSME sector is being driven by a host of factors like the government's focus on promoting entrepreneurship and innovation, the increasing availability of credit and other financial services to MSMEs, and the rise of the digital economy, which is creating new opportunities for MSMEs to provide services and solutions to businesses and consumers.

## **ERFL Finance's Outlook**

Volatility from macroeconomic and geopolitical factors have sector-agnostically affected organisations of all sizes in multiple ways. However, at the outset of FY 2024, we have started seeing positive signs in macroeconomic conditions viz. improved GDP growth, declining inflation, and probable rate cuts from the RBI, which are expected to provide a strong growth path for the Company in FY2024. The vibrancy in the economy along with lower borrowing costs would give a boost to demand for loans from mSME as well as retail borrowers. While, co-lending will help us maintain an asset-light business model, better asset quality will create stronger securitisation opportunities, and relatively lower borrowing rates will help in improving net interest margins. The ongoing thrust on digitalisation will further improve the operating metrics of the Company as higher efficiency and lower turnaround time will help in delivering a stellar customer experience.

## **Edelweiss Retail Finance Overview**

Edelweiss Retail Finance Limited (ERFL) was incorporated on February 18, 1997, as a Private Limited Company. It was converted into Public Company w.e.f. January 1, 2014. The name was changed to Edelweiss Retail Finance Limited w.e.f. January 6, 2014. It is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India.

Our Company has obtained a certificate of registration dated January 4, 2017, bearing Registration No. N-13.02149 issued by the Reserve Bank of India under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of Non-Banking Financial Institution not accepting public deposits subject to the conditions mentioned in the Certificate of Registration.

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At ERFL, we offer a wide range of products and services with a clear focus on customer needs and relevance while designing our products.

### Key Financial Performance Highlights

Particulars	FY 2023	FY 2022
<b>Total Income</b>	<b>1297.21</b>	<b>1773.80</b>
Total Expenditure	926.20	1519.78
<b>Profit before Tax</b>	<b>371.01</b>	<b>254.01</b>
Provision for tax (including Deferred Tax and fringe benefit tax, if any)	93.15	69.33
<b>Profit after Tax</b>	<b>277.86</b>	<b>184.69</b>
Add: Profit and Loss account balance brought forward from previous year	1110.95	959.86
Other Comprehensive Income/ (Loss)	0.88	-0.39
Transition Impact of Ind AS 116 (net of tax)	-	-
<b>Profit available for appropriation</b>	<b>1389.70</b>	<b>1144.16</b>
<b>Appropriations</b>		
- Transfer to special reserve under Section 45-IC of the Reserve Bank of India	-55.57	-36.94
- Transfer to/from Debenture Redemption Reserve	44.93	-
Reversal of ESOPs charges on cancellation	<b>0.46</b>	<b>3.73</b>
<b>Surplus carried to balance sheet</b>	<b>1379.51</b>	<b>1110.95</b>
<b>Net worth (Net worth = Equity share capital + Other equity)</b>	<b>5366.50</b>	<b>5087.29</b>

### Summary of Edelweiss Retail Finance Limited standalone financial highlights during FY2023:

- Total Revenue: ₹1297.21 million (₹1773.80 million for FY2022), down 26.87%
- Profit after Tax: ₹277.86 million (₹184.69 million for FY2022), up 50.45%
- Net Worth: ₹5329.96 million (₹4970.23\* million at the end of FY2022)
- Earnings per Share: ₹6.47 (₹4.30 for FY2022) (Face Value: ₹10.00 per share)

\*Net of Deferred Tax Assets

### Income

#### Fund Based Revenue

Fund based revenue comprises of interest income and revenue from treasury and dividend income.

Interest income continued to be a major contributor to the gross revenue from operations at ₹1351.19 million as against ₹1560.55 million during the previous year, constituting around 104.16% of the total revenue from operations. The decrease in interest income is due to the reduction in the average loan book during the year.

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Net profit on fair value changes on financial instrument stood at ₹(95.6) million as against ₹162.2 million during the previous year.

### **Interest Revenue**

Our interest revenue was ₹1351.19 million for the year, compared to ₹1560.55 million in FY2022, down by 13.42%.

### **Net Operating Revenue**

For NBFCs, like the banking industry, the concept of Net Revenue (net of interest cost) is another way of analysing the performance. This is because interest costs, as with all banks and large NBFCs, should reflect above the expenses line. On a net revenue basis, our 'Interest Income on Loan' for FY2023 was ₹1262.46 million (₹1502.29 million for FY2022) and 'Interest Income on Securities held for trading' for FY2023 was ₹15.19 million (₹6.17 million for FY2022). Interest on Deposit with Banks for FY2023 was ₹6.29 million (₹10.79 million for FY2022). Other Interest Income was ₹0.01 million (₹0.00 million for FY2022). Other Interest Income on direct assignment was ₹67.24 million (₹41.30 million for FY2022). Fees and Commission Income was ₹31.40 million (₹15.72 million for FY2022). Net gain/loss on fair value changes was ₹(95.60) (₹162.20 million for FY2022).

In addition, the 'Other Income' for FY2023 was ₹10.22 million, compared to ₹35.33 million in FY2022.

### **Expenses**

Our total expenses for FY2023 were ₹926.20 million (₹1519.78 million in FY2022), down by 39.06%.

### **Credit Cost**

During the current fiscal year ended March 31, 2023, the Company has recorded an amount of ₹ (189.48) million towards impairment on financial instruments.

### **Employee Benefit Expenses**

Employee benefit expenses for FY2023 were ₹236.33 million (₹215.72 million in FY2022), up by 9.55%.

### **Other Expenses**

Other expenses, including depreciation and amortisation, for FY2023 were ₹231.49 million (₹594.25 million in FY2022), down by 61.04%.

### **Profit After Tax**

The Company has posted profit after tax of ₹ 277.86 million for FY2023, against ₹184.69 million for FY2022.

### **Dividend**

The Company has not paid any dividend in FY2023.

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### Analysis Of Profitability

The Company has posted profit after tax of ₹ 277.86 million for FY2023 which has improved from FY2022, primarily due to due to lower credit cost during FY22 partially offset by lower net interest income in FY22.

### Balance Sheet Gearing

We believe that a strong balance sheet imparts unique ability to our company to be able to meet the demands of our customers, capture any episodic opportunities and be able to raise debt capital whenever required. ERFL has a total net worth of ₹5329.96 million as at the end of FY2023 compared to ₹4970.23 million at the end of FY2022. The amount of debt on the Balance Sheet as on March 31, 2023, was ₹3,786.07 million (₹6,731.9 million as on March 31, 2022) The gross balance sheet size at the end of FY2023 was ₹10,345 million compared to ₹12,642 million a year ago.

### Asset Quality

The asset quality of the overall credit book continued to remain under control despite headwinds with Gross NPLs at 2.8% and Net NPLs at 2.2% as on March 31, 2023, compared to 2.3% and 1.8% respectively a year ago.

The specific Provision Coverage Ratio (PCR) on Gross NPLs was 22.6% at the end of FY2023 compared to 21.30% at the end of FY2022. Total Provision Cover including the expected credit loss provision on Stage I and II assets is 128.90% at the end of this fiscal year compared to 194.6% at the end of FY2022.

### Capital Adequacy Ratio

As per the Non-Banking Financial Companies Prudential Norms stipulated by RBI, all NBFCs-ND-SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio ("CRAR"). Our CRAR over the period of last three fiscal years is as under:

	FY 23	FY 22	FY 21
CRAR prescribed by RBI (%)	15%	15%	15%
<b>Total CRAR (%)</b>	<b>72.2%</b>	<b>36.9%</b>	<b>39.9%</b>
<b>Out of which</b>			
<b>Tier I CRAR (%)</b>	<b>58.2%</b>	<b>24.4%</b>	<b>26.7%</b>

### Opportunities

Financial services in India continue to offer enormous and scalable opportunities for Companies like yours, as digitisation propelled by the prolonged pandemic has played a catalytic role in the long-term growth story of India which remains intact:

- Democratisation of credit, aspirations of younger population and increasing entrepreneurship, household savings moving to investments and increasing number of demat

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accounts, increasing financial literacy in the Country will continue to present growth opportunities for companies like yours.

- The monsoon is predicted to be normal for another year which will boost farm sentiments and improve overall prospects for the economy which is already on strong footing.
- Decline in interest rates would provide dual boost to the operating performance of the NBFC sector as well as the relative cheaper credit offtake.
- De-escalation, or end, of the Russia-Ukraine war could have a positive geopolitical impact on the global growth.

### **Threats**

While the economy has come way far from the shadows of the pandemic, following threats cannot be ruled out and these, if they materialise, could reverse the current revival of the economy including the NBFC sector in India:

- An inception of another COVID-19 wave may reverse recovery of macro-economy, domestically as well as globally.
- The direction of interest rates, which have been on the rise, would have a bearing on operating performance of NBFCs as well as their balance sheets if NPAs begin to rise.
- Any abnormal surge in oil prices, or weak monsoon, or major lag in revival of the capex cycle can also inhibit the economic growth.
- Escalation of the Russia-Ukraine war could have a negative geopolitical impact on the global growth.

### **Business Segment-Wise Performance Highlights**

#### **MSME Finance Business**

Our MSME business vision is to be the most trusted financial partner in the growth journey to success of India's micro and small enterprises.

#### **Core Capabilities**

During FY2023, we have heavily invested in building our core capabilities around origination and underwriting loans to mSMEs. While most of these loans are tagged as Priority Sector Loans (PSL), close to 90% of our fresh loan disbursements are to support mSMEs.

During the year, we introduced a slew of products/variants to offer a comprehensive suite of products, both secured loans and business loans to meet the requirements of the mSME sector. The year also saw a stabilisation of co-lending arrangements with our existing partner banks as well as adding new partners. All this while, we have continued to maintain focus on credit quality while moving further on our growth trajectory and have now laid a strong foundation for growth going forward.

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We recognise that underwriting capabilities are crucial to our credit health, and we are adopting digital processes and an analytical approach which will significantly help us improve accuracy as well as achieve higher processing efficiency.

### **Channel Partners**

On the origination front, we are intensifying the engagement with channel partners - we do believe that our wider product suite across multiple process points will significantly help our origination capabilities.

We have relationships with 5,000-plus channel partners and remain focused on engaging with them. We have a well-defined rewards and recognition program for our channel partners.

### **Strategic Initiatives**

At ERF, we continue to build on our unique asset light model. Our key focus remains to drive co-lending model (CLM) origination and have signed two new bank partnerships towards co-lending priority sector loans (PSL) to Indian mSME entrepreneurs during FY2023. As we continue to build scale through the asset-light model, our Book to AUM ratio will continue to decrease. As of March 2023, our Book to AUM ratio was ~73%.

The scorecard and parameterised approach have helped us originate high credit-quality customers which is reflective of our portfolio performance and pool upgrades. Investment in building a robust collection infrastructure supported by data analytics-led bounce prediction model and recovery efforts have further helped us manage our credit quality.

We aim to make lending to the mSME segment more efficient through digitalisation. We have invested in our proprietary Digital Lending Platform (DLP) which has unique features of being;

- A low code and agile platform,
- Micro-services-based architecture to improve processing efficiency, and
- Enabled with dynamic Business Rule Engine (BRE) for automated decision-making.

We are embedding a data-led decision-making culture and are leveraging our data analytics for;

- Sourcing direct customers
- Retaining customers
- Building scorecards to underwrite
- Prioritising new cases at early stages.

### **Awards and Recognition**

During the year we have bagged some of the prestigious industry awards;

- NBFC & Fintech Excellence Awards 2022 for 'Best Digital Transformation Initiative'.
- Big BFSI Future Tech Show & Awards 2022 in recognition of 'Exemplary Tech Initiatives and Innovation'.
- India NBFC Summit & Awards 2022 for 'Best NBFC in SME Co-Lending'.
- NBFC 100 Leader of Excellence 'Outstanding Performer' Award for 'Business Transformation'.

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## **Enterprise**

### **Risk Management**

At ERFL, we are committed to adhering to the highest standards of responsible governance practices and ethical behaviour. We have robust risk awareness embedded in our organisational culture. Employees take ownership and are accountable for the risks that ERFL is exposed to. We strive for continual improvement through efforts to enhance controls, while ongoing employee training modules ensure that employees are made aware of the company's risk appetite.

ERFL's current business strategy is to focus on an asset light business model and scale up the retail book through CLM partnerships. The company tightened its underwriting norms and enforcement processes to improve the asset quality. The company continues to leverage on data analytics to embed a data-led decision-making culture and focus on simplifying processes and digitalisation.

The Company is constantly engaging with all the employees towards awareness of information security. Various workshops are conducted during the year and emailers (mentioning Do's and Don'ts) are circulated frequently within the organisation. Adequate checks and controls are in place to handle Data Loss Prevention (DLP) cases and brand protection. All DLP breaches are handled with sensitivity and strict disciplinary actions are taken wherever necessary.

### **Internal Control Policies and their Adequacy**

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

The internal controls at ERFL are commensurate with the business requirements, its scale of operations and applicable statutes to ensure orderly and efficient conduct of business. These controls have been designed to ensure reasonable assurance with regards to maintaining proper accounting controls, substantiation of financial statements and adherence to IND AS requirements, safeguarding of resources, prevention and detection of frauds and errors, ensuring operating effectiveness, reliability of financial reporting, and compliance with applicable regulations and relevant matters covered under section 134 (5) (e) of the Companies Act 2013.

### **Human Resources**

At ERFL, our people are a priority, and we provide them with plenty of opportunities to thrive, in a work environment that is ethical and productive.

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All our effort is focused towards enhancing the overall employee experience and contributing to their personal and professional development. Every stage of an employee's journey, whether pre-boarding, on-boarding, integration or beyond, is carefully planned to ensure our people have access to all the resources required to succeed.

The journey of each ERFL employee begins from the day the offer is rolled out, and we Endeavor to provide them with a great experience from the pre-boarding stage itself. Regular check-ins to help individuals understand our culture better ensures a seamless transition into the organisation.

Our people friendly policies, and intent towards building a well-balanced culture, supported by strong organisational values, keep us ahead of the curve. Flexible leaves, health workshops, opportunities to pursue hobbies, job rotation, an equitable and secure work environment, and a healthy work life balance, are a few ways we ensure our teams feel supported and valued.

It is only when our people grow and develop, can we succeed as an organisation, and our learning umbrella- Siksha, is one such platform that helps us stay relevant by upskilling ourselves. Siksha caters to diverse learning needs and covers subject matters across domain, behavioural, and technical topics. Apart from implementing trainings to acquire new skills, we encourage on the job learning through internal movements – vertical and lateral. A dedicated career platform facilitates these internal movements, enabling employees to pursue aspirational roles.

We value our people and all that they do, and acknowledging their achievements is a significant part of our culture. Our robust reward and recognition program enables us to applaud important milestones, and various platforms that recognise both upcoming talent and tenured employees help us drive a merit-based culture.

Our teams will always be our biggest strength and will continue to inspire us to adopt the best people practices.

## **Technology**

### **Leadership**

Information Technology Leadership at ERFL is involved in effectively leveraging technology to drive innovation, improve operational efficiency, enhance customer experience, and ensure regulatory compliance.

Technology Leadership at ERFL is focused on:

1. **Strategic Alignment:** To align technology initiatives with the organization's strategic goals and objectives.
2. **Digital Transformation:** Plays a crucial role in driving digital transformation initiatives within ERFL. This championed the adoption of emerging technologies such as low-code platforms, artificial intelligence, machine learning and data analytics, to drive innovation.
3. **IT Governance and Risk Management:** Established a robust IT governance framework and risk management practices. This includes ensuring compliance with regulatory requirements, implementing effective security controls, managing cyber risks, and safeguarding customer data.

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4. **Customer Experience Enhancement:** Prioritized enhancement of customer experiences through technology-driven initiatives.
5. **Data Management and Analytics:** Data is a valuable asset which establishes robust data management and analytical capabilities.

The above effectively lead the digital transformation journey for ERFL, driving technological innovation, operational excellence, and sustainable growth in the rapidly evolving financial landscape.

### **Technology resiliency**

The key pillars of technology resiliency have been:

- **Cloud adoption:** Migrating to the Cloud technology ensured high availability, scalability, and resiliency of our business applications with employees being able to securely access information from anywhere, using any device and at any time.
- **Unified collaboration suite:** Deployment of a unified collaboration suite helped improve employee productivity.
- **Intelligent Automation:** This enabled us to develop new experiences and deliver process changes rapidly through low code software development tools.
- **Artificial Intelligence:** Leveraging advanced Machine Learning algorithms, we have deployed over 20 models for evaluating risks, performing AML checks, doing customer KYC, identifying frauds, etc. thereby building efficiencies in our business.

### **A brief summary of various technology projects completed and in process during FY23.**

We recently have implemented various new applications within our organization by replacing old or group applications. These implementations signify our commitment to becoming self-sufficient and compliant with regulatory requirements. Here are the details of the applications and their progress:

#### **CashTrea - Replacing Apollo:**

To enhance our treasury operations, we have implemented CashTrea, replacing the previous system, Apollo. CashTrea offers advanced features and functionalities, empowering us to optimize cash management, improve liquidity forecasting, and mitigate financial risks. This transition ensures better control and visibility over our treasury activities.

#### **Oracle Fusion - Replacing Oracle EBS:**

In our pursuit of operational excellence, we have upgraded from Oracle EBS to Oracle Fusion, our new enterprise resource planning (ERP) system. This migration allows us to leverage modern tools and technology for more efficient financial management, procurement, and supply chain operations. Oracle Fusion provides a robust platform to support our organizational growth and scalability.

#### **BALM (Regulatory Reporting):**

To meet our regulatory reporting obligations, we have implemented BALM (Banking and Accounting Log Manager). This solution simplifies the process of generating and submitting regulatory reports, ensuring compliance with regulatory requirements. The implementation of BALM is currently in progress and is expected to be completed by September 2023.

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**Finnone Neo - Replacing Finnone:**

We are in the process of upgrading from Finnone to Finnone Neo, a more advanced and comprehensive loan origination and management system. This transition will enable us to enhance the efficiency of our lending processes, improve customer experience, and ensure compliance with regulatory guidelines. The implementation of Finnone Neo is scheduled to be completed by September 2023.

These application implementations are significant milestones in our journey towards self-sufficiency and regulatory compliance. They will enable us to optimize our operations, improve productivity, and stay ahead in a rapidly evolving NBFC business landscape.

**Information Security**

ERFL is continuously developing its Information Security Management Systems (ISMS) and is equipped with a resolute team who are always on the alert to counter the ever-increasing threat of cyber-attacks and data breaches. To cater to this changing landscape, we have an in-depth defence strategy in place to block cyber-attacks including phishing mails, malicious links, malicious files & various other forms of cyber-attacks. This has been accomplished through:

- **Cloud based email & web filtering services** - These solutions enable protection against sophisticated email attacks such as phishing, dangerous attachments as well as prevent users from visiting malicious & other unwanted web content.
- **Web application firewall** - Secures our business-critical applications by filtering malicious traffic as well as offers protection against denial of service (dos)/ distributed denial of service (ddos) attacks that prevent users from accessing online business resources.
- **Network security** - NG (Next Generation) Firewalls along with IPS (Intrusion Prevention Systems) are in place to block any network attacks.
- **Endpoint protection** - Cloud delivered next gen antimalware protection against cyber threats. It offers a real time protection against known as well as unknown attacks leveraging AI & ML Endpoints have also been hardened to reduce the attack surface which include desktops, laptops as well as servers.
- ERFL has **round-the-clock vigilance** for monitoring cyber threats through partners & manual scanning of the environment for emerging threats.
- **Incident response management services** from "Big-Four" firms to provide rapid & effective response in the unlikely event of a cyber-attack.
- We have adopted **zero trust security model**. This new model requires strict identity verification for every person and device trying to access resources on a private corporate network, regardless of whether they are sitting within or outside of the corporate perimeter.
- Further, regular **vulnerability assessment and penetration testing**, review of segregation of duties, other audit, and compliance testing(s) have ensured that the organization's information assets are safe and secure.
- **An awareness program** is conducted for all employees using the digital channel regarding cyber security. Employees of the Organization are required to undergo a mandatory online learning module on information security and affirm that they have understood and are aware of the protocols to be followed. Regular information

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security related flyers/e-mailers are also sent to all employees for awareness and training purposes.

- During FY 2023, an **Information System (IS) audit** was conducted by a CERT-in empanelled audit firm. The areas audited were, inter alia, user access management, patch management, business continuity and disaster recovery, data protection and the information security management system framework including cyber security. The audit revealed no major observations.

### **Conclusion:**

ERFL's Information Systems and Technology highlights several achievements from the past year and their impact on Customer Experience. 'IT' is not just about technology and systems but supporting and engaging our customers and business partners (both internal and external) in their daily work by providing a safe and secure environment from an IT perspective. With the rise of cyber-enabled espionage, sabotage, and global influence, it is imperative to continuously explore ways and means, using latest and well tested technology to identify and mitigate potential security risks linked to Information & Technology. ERFL in its commitment to Customers ensures that its internal controls and quality assurance is regularly reviewed and upgraded to meet any eventuality and to be in line with competition and market expectations.

### **Customer Experience**

We consider customer experience as a key pillar of business success. With this motto in sight, we have continued to build a culture of customer-centric business processes. To drive this agenda, we have also implemented various measures to enable customers to resolve their queries online and make it hassle-free.

Some customer-centric achievements during FY2023;

- Enhanced First Time Right resolution rates - 62% achievement (FY2023) as against 22% (FY2022) resulting in improvement overall customer satisfaction.
- Positive National Net Promoter Score (NPS) scores-57.
- Omni-channel customer service concept introduced creating seamless customer requests' onboarding and fulfilment.
- Self-service options for customers on web portal which provides account statement, repayment schedule, interest certificate, TDS filing, and updating of contact details.

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**Annexure II**
**Form AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**I. Details of contracts or arrangements or transactions not at arm's length basis: Nil**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
-	-	-	-	-	-	-	-	-

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

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts/arrangements/transactions including the value, if any (₹ In millions)	Date of approval by the Board/Committee	Amount paid as advances, if any
1.	Edelweiss Rural & Corporate Services Limited	Short term Loans taken from (Maximum)	One Year	1,750.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
2.	Ecap Equities Limited (Formerly known as Edel Land Limited)	Short term Loan taken from (Maximum)	One Year	400.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
3.	ECL Finance Limited	Short term Loan taken from (Maximum)	One Year	650.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
4.	Edelweiss Rural & Corporate Services Limited	Short term Loan taken from (Volume)	One Year	1750.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
5.	Ecap Equities Limited (Formerly known as Edel Land Limited)	Short term Loan taken from (Volume)	One Year	550.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
6.	ECL Finance Limited	Short term Loan taken from (Volume)	One Year	1,890.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL

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7.	Edelweiss Rural & Corporate Services Limited	Short term Loan repaid to (Maximum)	One Year	1,750.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
8.	Ecap Equities Limited (Formerly known as Edel Land Limited)	Short term Loan repaid to (Maximum)	One Year	550.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
9.	ECL Finance Limited	Short term Loan repaid to (Maximum)	One Year	1,290.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
10.	Edelweiss Rural & Corporate Services Limited	Short term Loan repaid to (Volume)	One Year	1,750.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
11.	Edel Land Limited (Formerly known as Ecap Equities Limited)	Short term Loan repaid to (Volume)	One Year	550.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
12.	ECL Finance Limited	Short term Loan repaid to (Volume)	One Year	1,890.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
13.	ECL Finance Limited	Short term Loans given to (Maximum)	One Year	150.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
14.	Edelweiss Rural & Corporate Services Limited	Short term Loans given to (Maximum)	One Year	250.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
15.	Edel Land Limited (Formerly known as Ecap Equities Limited)	Short term Loans given to (Maximum)	One Year	970.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL

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16.	ECAP Securities and Investments Limited (Formerly Ecap Equities)	Short term Loans given to (Maximum)	One Year	450.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
17.	ECL Finance Limited	Short term Loans given to (Volume)	One Year	260.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
18.	Edelweiss Rural & Corporate Services Limited	Short term Loans given to (Volume)	One Year	250.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
19.	Edel Land Limited (Formerly known as Ecap Equities Limited)	Short term Loans given to (Volume)	One Year	1,270.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
20.	ECAP Securities and Investments Limited (Formerly known as Ecap Equities Limited)	Short term Loans given to (Volume)	One Year	450.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
21.	ECL Finance Limited	Short term Loans repaid by (Maximum)	One Year	150.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
22.	Edelweiss Rural & Corporate Services Limited	Short term Loans repaid by (Maximum)	One Year	1,000.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
23.	Edel Land Limited (Formerly known as Ecap Equities Limited)	Short term Loans repaid by (Maximum)	One Year	470.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
24.	ECAP Securities and Investments Limited	Short term Loans repaid by (Maximum)	One Year	450.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL

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	(Formerly Ecap Equities)					
25.	ECL Finance Limited	Short term Loans repaid by (Volume)	One Time	340.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
26.	Edelweiss Rural & Corporate Services Limited	Short term Loans repaid by (Volume)	One Time	3,720.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
27.	Edel Land Limited (Formerly known as Ecap Equities Limited)	Short term Loans repaid by (Volume)	One Time	970.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
28.	ECAP Securities and Investments Limited (Formerly known as Ecap Equities Limited)	Short term Loans repaid by (Volume)	One Time	450.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
29.	India Credit Investment Fund II	Sale of Security Receipt	One Time	4252.20	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
30.	ECL Finance Limited	Investment in Security Receipt issued by	One Time	166.40	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
31.	ECL Finance Limited	Loan portfolio sold under direct assignment	One Time	811.61	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
32.	Edel Finance Company Limited	Non-convertible debentures (Loans) purchased from	On going	140.00	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL

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33.	ECL Finance Limited	Bonds sold to	On going	178.13	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
34.	Edelweiss Rural & Corporate Services Limited	Securities purchased from	One Year	1671.49	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	NIL
35.	Ecap Equities Limited (Formerly known as Edel Land Limited)	Securities purchased from	One Year	634.95	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	Nil
36.	Edelweiss Rural & Corporate Services Limited	Interest Income on Loan to	One Time	145.97	May 6, 2022, July 26, 2022, October 31, 2023, January 21, 2023 and March 28, 2023	Nil

Note - As part of fund based activities, intergroup Company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 - Related Party Disclosures, maximum amount of loans given and repaid alongwith the transaction volume are disclosed above. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.

**For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited**

**Date: May 16, 2023  
Place: Mumbai**

**Phanindranath Kakarla  
Director  
DIN: 0207667**

**Shilpa Gattani  
Director  
DIN: 05124763**

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**Annual Report on Corporate Social Responsibility (CSR) activities**

[Pursuant to clause (o) of sub-section (3) of section 135 of the Companies Act,2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. Brief outline on CSR Policy of the Company:

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

2. Composition of CSR Committee as March 31, 2023:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sunil Phatarphekar	Independent Director	2	2
2.	Dr. Vinod Juneja	Independent Director	2	2
3.	Ms. Shilpa Gattani	Non-Executive Director	2	2

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

<https://www.edelweissretailfin.com>

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable : Not Applicable

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

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	2019-20	Nil	Nil
2	2020-21	Nil	Nil
3	2021-22	Nil	Nil
	<b>Total</b>	Nil	Nil

6. Average net profit of the Company as per section 135(5): ₹ 224.99 million
7. (a) Two percent of average net profit of the Company as per section 135(5): ₹4.50 million  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil  
 (c) Amount required to be set off for the financial year, if any: Nil  
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹4.50 million
8. (a) CSR amount spent or unspent for the financial year:

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

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
Details provided in Annexure A												

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
Nil									

(d) Amount spent in Administrative Overheads: Nil

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

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(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 4.50 million

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

Sr. No.	Particular	Amount (₹ in million)
(i)	Two percent of average net profit of the company as per section 135(5)	4.50
(ii)	Total amount spent for the Financial Year	4.50
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

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

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in million)	Amount spent in the reporting Financial Year (₹ in million).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (₹ in million)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	2019-20			Nil			
2.	2020-21						
3.	2021-22						

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

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

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

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

**For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited**

**Date: May 16, 2023  
Place: Mumbai**

**Shilpa Gattani  
Director  
DIN: 05124763**

**Vinod Juneja  
Chairman CSR Committee  
DIN: 00044311**

**Edelweiss Retail Finance Limited**

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**Annexure A**

1	2	3	4	5		6	7	8	9	10	11	
Sr. No.	Name of CSR project	Item from List of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of project		Project duration (in Years)	Amount allocated for the project (in ₹)	Amount spent in the current financial year	Amount transferred to unspent CSR account for the project as per	Mode of implementation - Direct (Yes/No)	Mode of implementation through implementation agency	
				State	District						Name	CSR registration no.
1	Improving adaptability towards climate change and global warming effects through	Livelihood & Climate Action - Schedule VII (iii) & (iv)	No	Odisha	Mayurbhanj	3	17,50,897	17,50,897	-	No	EdelGive Foundation	CSR0000514

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	initiating CSA (climate smart approach) for sustainability of tribal communities											
2	Strengthening education system for improved learning outcomes	Education - Schedule VII (ii)	No	Odisha	Koraput	3	27,49,103	27,49,103	-	No	EdelGive Foundation	CSR0000514
	<b>TOTAL</b>						<b>45,00,000</b>	<b>45,00,000</b>	-	-		

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**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

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

To,  
The Members,  
**Edelweiss Retail Finance Limited**  
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Edelweiss Retail Finance Limited** (CIN: U67120MH1997PLC285490) and having its registered office at Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirool Road, Kurla (W), Mumbai - 400070 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the company during the audit period)**;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(Not applicable to the company during the audit period)**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 **(Not applicable to the company during the audit period)**;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2008 **(Not applicable to the company during the audit period)**; and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable in respect of Non-convertible debentures of the company listed at stock exchanges);
- (vi) The Reserve Bank of India Act, 1934 and Credit Information Companies (Regulation) Act, 2005 and the directions, regulations issued by Reserve Bank of India thereunder and as applicable to Non-Banking Financial Companies, being laws that are specifically applicable to the Company based on their sector/ industry.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Standards, Guidelines etc. mentioned above and in respect of laws specifically applicable to the company based on their sector/industry, in so far as registration, membership, submission of various returns/information or other particulars to be filed with Reserve Bank of India.

#### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under reporting.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However, in the minutes of the meetings of Board and its Committees, for the period under review, no dissents were noted and hence we have no reason to believe that decisions by the Board were not approved by all the directors present.

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

**We further report that** during the audit period there were no major corporate events which required to be reported.

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

For **Manish Ghia & Associates**  
*Company Secretaries*  
(Unique ID: P2006MH007100)

Place: Mumbai  
Date: May 16, 2023  
UDIN: F006252E000306442

CS Mannish L. Ghia  
*Partner*  
M. No. FCS 6252 C.P. No. 3531  
PR 822/2020

To,  
The Members,  
**Edelweiss Retail Finance Limited**  
Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Manish Ghia & Associates**  
**Company Secretaries**  
(Unique ID: P2006MH007100)

**Place: Mumbai**  
**Date: May 16, 2023**  
**UDIN: F006252E000306442**

**CS Mannish L. Ghia**  
**Partner**  
**M. No. FCS 6252 C.P. No. 3531**  
**PR 822/2020**

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

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

Sr. No.	Disclosure Requirement	Disclosure Details		
1	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Not Applicable (During FY 22-23, Non-Executive Directors were not paid Remuneration and Independent Directors were not paid any remuneration except payment of sitting fees.)		
2	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Directors/ KMP's	Title	% Increase in remuneration (Please refer Note)
		Mr. Jignesh Gaglani	Company Secretary	NA
		Mr. Mehernosh Tata	Chief Executive Officer	NA
		Mr. Manoj Agarwal	Manager	NA
		Mr. Hitesh Bhadada	Chief Financial Officer	NA
		Ms. Inara Wadhwanian	Company Secretary	NA
3	Percentage increase in the median remuneration of employees in the financial year	9.46%		
4	Number of permanent employees on the rolls of Company at the end of the year	162 permanent employee were on the rolls of Company as on Mach 31, 2023.		

5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the remuneration for employees other than the managerial personnel is -17.6% and for managerial personnel 54%.
6	Affirmations that the remuneration is as per the remuneration policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

Note -

Since the remuneration of Mr. Jignesh Gaglani, Mr. Mehernosh Tata, Mr. Manoj Agarwal, Mr. Hitesh Bhadada and Ms. Inara Wadhwanias was only for the part of the year / previous year, ratio of remuneration to median and increase, is not comparable.

**For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited**

**Date: May 16, 2023  
Place: Mumbai**

<b>Phanindranath Kakarla</b>	<b>Shilpa Gattani</b>
<b>Director</b>	<b>Director</b>
<b>DIN: 02076676</b>	<b>DIN: 05124763</b>

**INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS**

To

**The Members of**

**Edelweiss Retail Finance Limited**

**Report on the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **Edelweiss Retail Finance Limited** ("the Company"), which comprise the Balance sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other 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, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 opinion on standalone 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr No	Key Audit Matter	Auditor's Response
1.	<b>Impairment of financial assets as at balance sheet date (expected credit losses):</b>	➤ Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the

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	<p>Ind AS 109 requires the Company to provide for impairment of its loan receivables (designated at amortised cost and fair value through other comprehensive income) 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 Company's loans and advances.</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 loans (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories);</li> <li>• Grouping of borrowers based on homogeneity by using appropriate statistical techniques;</li> <li>• Estimation of behavioural life;</li> <li>• Determining macro-economic factors impacting credit quality of receivables;</li> <li>• Estimation of losses for loan products with no/ minimal historical defaults.</li> </ul>	<p>governance framework approved by the Board of Directors.</p> <ul style="list-style-type: none"> <li>➤ Evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and related assumptions and tested the controls around data extraction and validation.</li> <li>➤ Assessed the criteria for staging of loans based on their past-due status to check compliance with requirement of Ind AS 109. Tested a sample of performing (stage 1) loans to assess whether any SICR or loss indicators were present requiring them to be classified under higher stages.</li> <li>➤ Assessed the additional considerations applied by the management for staging of loans as SICR or default categories in view of Company's policy on one time restructuring.</li> <li>➤ Tested the ECL model, including assumptions and underlying computation. Assessed the floor/ minimum rates of provisioning applied by the Company for loan products with inadequate historical defaults</li> <li>➤ Tested assumptions used by the management in determining the overlay for macro-economic factors.</li> <li>➤ Assessed disclosures included in the financial statements in respect of expected credit losses.</li> </ul>
2.	<p><b>Sales / Assignment of Financial Assets</b></p>	<ul style="list-style-type: none"> <li>➤ Read and assessed the Company's accounting policies for computation and accounting of sales / assignment of loan portfolios as per the provisions of Ind AS 109.</li> <li>➤ Read and assessed the contracts entered by the Company for sale/assignment to verify the gains/ losses on the transactions.</li> <li>➤ Verified the procedures followed by the company while carrying out the sale/assignment.</li> <li>➤ Verification of confirmation and fair valuation of Security receipts.</li> </ul>



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**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (changes in equity and cash flows of the Company in accordance with IND AS and the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period 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**

- I) 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 Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- II) 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 Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.
  - 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, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company does not have any pending litigations which would impact its financial position;
    - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses];
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



- iv) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 57(viii)(A) to the 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;
- v) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 57(viii)(B) to the 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
- vi) 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.
- vii) No dividend has been declared or paid during the year by the Company.
- viii) No comments have been offered as regards the maintenance of books of account using accounting software which has a feature of recording audit trail (edit log) facility under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 since the said requirements under proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 are not applicable to the Company for the financial year ended on March 31, 2023.

**For G. D. Apte & Co.**

**Chartered Accountants**

Firm Registration Number: 100515W



**Mayuresh V. Zele**

Partner

Membership No: 150027

UDIN : 231500278GYKGJ8532

Place : Mumbai

Date : May 16, 2023

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**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE FINANCIAL STATEMENTS  
OF EDELWEISS RETAIL FINANCE LIMITED**

(Referred to in paragraph I 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 location of property, plant and equipment for the year.

B) The Company has maintained proper records showing full particulars including quantitative details and location of intangible assets.

b) The Company has not physically verified its fixed assets during the year, however there is a regular programme of verification in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), are held in the name of the Company.

d) The company has neither revalued its PPE (including Right of Use assets) nor intangible assets or both during the year.

e) As per the information and explanation provided to us, no proceedings have been initiated or are pending against the company for holding any benami property under the 'Benami Transactions (Prohibition) Act, 1988 (45 of 1988)' and rules made thereunder.

ii.

a) The Company business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

b) According to the information and explanations given to us, the company has availed working capital limits from banks on the basis of security of current assets. The quarterly statements filed by the company are in agreement with the books of accounts.

iii.

a) As per the information and explanations given to us, the principal business of the company is to give loans and hence clause iii(a) of the order is not applicable.

b) As per the information and explanations given to us, the investments made and loans provided by the company, are not prejudicial to the company's interest;

Company has not given any guarantees, security, and advances in the nature of loans.

c) In respect of the loans/ advances in nature of loan, granted by the company as part of its business, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Having regard to the voluminous nature of loan transactions, it is not practicable to furnish entity-wise details of amount, due date of repayment or receipt and the extent of delay (as suggested in the Guidance Note on CARO 2020, issued by the Institute of Chartered Accountants of India for the reporting under this clause) in this report, in respect of loans and advances which

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were not repaid/paid when they are due or were repaid/paid with a delay, in the normal course of lending business.

Further, except for those instances where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification/staging of loans in note 12.2 to the standalone financial statements in accordance with Indian Accounting (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.

- d) In respect of the loans/ advances in nature of loans, the total amount overdue for more than ninety days (including cases classified as non-performing asset (NPA) as per RBI guidelines) as at March 31, 2023 and the details of the number of such cases, are disclosed in note 12.2 to the standalone financial statements. In such instances, in our opinion, reasonable steps have been by the Company for recovery of the overdue amount of principal and interest.
  - e) In our opinion and based on the information and explanation given to us, the company is in the business of giving loans, hence this clause is not applicable.
  - f) According to the information and explanation given to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- iv. According to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
  - v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits or the amounts deemed to be deposit as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Act and the rules framed. Accordingly, paragraph 3(v) of the order is not applicable to the company.
  - vi. The Company is not in the business of sale of any goods. Hence the provisions of Clause 3(vi) of the Order are not applicable to the Company.
  - vii.
    - a) According to the information and explanations given to us and according to the records of the Company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Cess and any other statutory dues, wherever applicable. The provisions relating to duty of excise, duty of custom, sales tax, value added tax, and service tax are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid dues were outstanding as at March 31, 2023 for a period of more than 6 months from the date they became payable.
    - b) According to the information and explanations given to us, there were no dues in respect of Income Tax, Duty of Excise, Duty of Customs, Sales Tax, Service Tax, Goods and Service Tax and Value Added Tax which have not been deposited on account of any dispute except for the following.

Name of the Statute	Nature of Dues	Amount (Rs. In millions)	Period to which the amount relates	Forum where the dispute is pending
GST Act	ITC Reversal	0.29	2018-19	Appellate Authority
GST Act	ITC Reversal	0.27	2019-20	Appellate Authority

- viii. According to the information and explanations given to us, no transactions or income, not recorded in the books of account, 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. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayments of dues from any lender during the year.
  - b. According to the information and explanation given to us, the company is not declared as willful defaulter by any bank or Financial Institution or any lender.
  - c. In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
  - d. According to the information and explanation given to us, the funds raised on short term basis have not been utilized for long-term purposes.
  - e. The Company does not have any subsidiaries, associates or joint ventures and hence clause ix(e) of the order is not applicable.
  - f. The Company does not have any subsidiaries, associates or joint ventures and hence clause ix(f) of the order is not applicable.
- x.
- a. According to the information and explanations given to us and on the basis of examination of records of the Company, the company has not raised any money by way of initial public offer or further public offer during the year. Hence the reporting requirement under clause 3(x)(a) is not applicable to the company.
  - b. According to the information and explanations given to us and on the basis of examination of records of the Company, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence the reporting requirement under clause 3(x)(b) is not applicable to the company.
- xi.
- a. According to the information and explanation given to us, no fraud on or by the company, by its officers and employees has been noticed or reported during the course of our audit.
  - b. According to the information and explanations given to us, during the year, no report U/s 143(12) of the Companies Act, 2013 has been filed by secretarial auditor, predecessor auditor or by us in



Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

- c. According to the information and explanation given to us, no whistle-blower complaints have been received during the year by the company.
- xii. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii)(a) to 3(xii)(c) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given to us and based on our examination of records of the Company, the transactions entered with related parties are in compliance with provisions of section 177 and 188 of the Act, where applicable and the details of such transactions are disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- xiv.
- a. According to the information and explanation given to us, the company has an internal audit system commensurate with the size and nature of its business.
- b. The reports of the Internal Auditors of the company issued till date for the period under audit were considered by us.
- xv. In our opinion and according to the information and explanations given to us and based on our examination of records of the Company, the Company during the year has not entered into any non-cash transactions with directors or persons connected with the directors covered under the provisions of sec 192 of the Act and accordingly the provisions of clause (xv) of the Order are not applicable to the Company.
- xvi.
- a. In our opinion, the Company is required to be registered under section 45-IA of the RBI Act, 1934 (2 of 1934) and accordingly the registration certificate is obtained by the Company.
- b. According to the information and explanation given to us, the company has not conducted Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- c. According to the information and explanation given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Hence the clause 3(xvi)(c) of the Report is not applicable.
- d. According to the information and explanation given to us, there is one Core Investment Company (CIC) as part of the Group.
- xvii. According to the information and explanation given to us, the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditor during the year and accordingly, the reporting requirement under clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanation given to us and 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 BOD and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report and



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that company is capable of meeting its liabilities existing as at the date of balance sheet as and when they fall due within a period of 1 year from the balance sheet date.

xx.

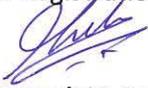
- a. According to the information and explanation given to us, there are no unspent amount in respect of other than ongoing projects which are required to be transferred to a Fund specified in Schedule VII to the Companies Act, within a period of 6 months of the expiry of the financial year in compliance with second proviso to Sec 135 (5) of the said Act.
- b. According to the information and explanation given to us, there are no unspent amount in respect of ongoing project which are required to be transferred to special account in compliance with the provision under section 135(6) of the said Act.

xxi. The Company is not required to prepare consolidated financial statements and hence the provisions of Clause of 3(xxi) is not applicable.

**For G. D. Apte & Co.**

**Chartered Accountants**

Firm Registration Number: 100515W



**Mayuresh V. Zele**

Partner

Membership No: 150027

UDIN : 23150027BGYKJ8532

Place : Mumbai

Date : May 16, 2023



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**ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT ON STANDALONE IND AS FINANCIAL STATEMENTS OF EDELWEISS RETAIL FINANCE LIMITED**

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **EDELWEISS RETAIL FINANCE LIMITED** ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") 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 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

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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 Standalone Financial Statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of 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 the ICAI.

**For G. D. Apte & Co.**

**Chartered Accountants**

Firm Registration Number: 100515W



**Mayuresh V. Zele**

Partner

Membership No: 150027

UDIN : 23150027BGYKGI8532

Place : Mumbai.

Date : May 16, 2023

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**Edelweiss Retail Finance Limited**  
**Balance Sheet as at 31 March 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	8	267.13	166.41
(b) Bank balances other than cash and cash equivalents	9	119.37	139.57
(c) Securities held for trading	10	178.13	50.29
(d) Trade receivables	11	35.21	19.64
(e) Loans	12	5,443.67	10,236.43
(f) Investments	13	3,115.40	1,540.98
(g) Other financial assets	14	826.19	38.96
		<b>9,985.10</b>	<b>12,192.28</b>
<b>Non-financial assets</b>			
(a) Current tax assets (net)	15	72.53	63.96
(b) Deferred tax assets (net)	16	36.54	117.06
(c) Property, plant and equipment	17	26.49	17.50
(d) Intangible assets under development	18	0.00	92.94
(e) Other intangible assets	19	112.26	0.77
(f) Other non-financial assets	20	112.31	158.11
		<b>360.13</b>	<b>450.34</b>
<b>TOTAL ASSETS</b>		<b>10,345.23</b>	<b>12,642.62</b>
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
(a) Trade payables	21		
(i) total outstanding dues of micro enterprises and small enterprises		-	0.89
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		57.27	53.17
(b) Debt securities	22	889.88	2,804.43
(c) Borrowings (other than debt securities)	23	705.60	1,774.29
(d) Subordinated liabilities	24	2,190.60	2,153.18
(e) Other financial liabilities	25	1,021.92	673.97
		<b>4,865.27</b>	<b>7,459.93</b>
<b>Non-financial liabilities</b>			
(a) Current tax liabilities (net)	26	59.17	44.02
(b) Provisions	27	12.95	11.38
(c) Other non-financial liabilities	28	41.34	40.00
		<b>113.46</b>	<b>95.40</b>
<b>Equity</b>			
(a) Equity share capital	29	429.50	429.50
(b) Other equity	30	4,937.00	4,657.79
		<b>5,366.50</b>	<b>5,087.29</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>10,345.23</b>	<b>12,642.62</b>

The accompanying notes are an integral part of the financial statements.

1 to 64

As per our report of even date attached.

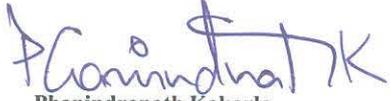
**For G. D. Apte & Co.**  
**Chartered Accountants**  
ICAI Firm Registration Number : 100515W

  
per **Mayuresh V. Zele**  
**Partner**  
Membership no: 150027



**For and on behalf of the Board of Directors**  
**Edelweiss Retail Finance Limited**

  
**Shilpa Gattani**  
Director  
DIN: 05124763

  
**Phanindranath Kakarla**  
Director  
DIN: 02076676

  
**Hitesh Bhadada**  
Chief Financial Officer



Place : Mumbai  
Date : May 16, 2023

**Edelweiss Retail Finance 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>I. Revenue from operations</b>			
Interest income	31	1,351.19	1,560.55
Dividend income		-	-
Fee and commission income	32	31.40	15.72
Net gain on fair value changes	33	(95.60)	162.20
<b>Total revenue from operations</b>		<b>1,286.99</b>	<b>1,738.47</b>
<b>II. Other income</b>	34	<b>10.22</b>	<b>35.33</b>
<b>III. Total Income</b>		<b>1,297.21</b>	<b>1,773.80</b>
<b>IV. Expenses</b>			
Finance costs	35	647.86	827.31
Impairment on financial instruments	36	(189.48)	(117.50)
Employee benefits expense	37	236.33	215.72
Depreciation, amortisation and impairment	17 & 19	10.56	34.67
Other expenses	38	220.93	559.58
<b>Total expenses</b>		<b>926.20</b>	<b>1,519.78</b>
<b>V. Profit before tax</b>		<b>371.01</b>	<b>254.01</b>
<b>VI. Tax expenses:</b>			
Current tax	39	12.63	23.73
(1) Current tax		12.63	29.52
(2) Short / (Excess) provision for earlier years		-	(5.79)
Deferred tax	39	80.52	45.59
<b>VII. Profit for the year</b>		<b>277.86</b>	<b>184.69</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement gain / (loss) on defined benefit plans	42	0.88	(0.39)
Less: Income tax relating to items that will not be reclassified to profit or loss	39	-	-
<b>Other Comprehensive Income</b>		<b>0.88</b>	<b>(0.39)</b>
<b>Total Comprehensive Income</b>		<b>278.75</b>	<b>184.30</b>
<b>Earnings per equity share (Face value of Rs. 10 each):</b>			
(1) Basic	41	6.47	4.30
(2) Diluted		6.47	4.30

The accompanying notes are an integral part of the financial statements.

1 to 64

As per our report of even date attached.

For G. D. Apte & Co.  
Chartered Accountants

ICAI Firm Registration Number : 100515W

per Mayuresh V. Zele  
Partner

Membership no: 150027



For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited

*Shilpa Gattani*  
Shilpa Gattani  
Director

DIN: 05124763

*Phanindranath Kakarla*  
Phanindranath Kakarla  
Director

DIN: 02076676

*Hitesh Bhadada*  
Hitesh Bhadada  
Chief Financial Officer



Place : Mumbai  
Date : May 16, 2023

Edelweiss Retail Finance Limited

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

(Currency : Indian rupees in millions)

(a) Equity share capital

	Outstanding as on April 01, 2021	Issued during the year	Outstanding as on March 31, 2022	Issued during the year	Outstanding as on March 31, 2023
Issued, Subscribed and Paid up (Equity shares of Rs.10 each, fully paid-up)	429.50	0.00	429.50	0.00	429.50
	429.50	0.00	429.50	0.00	429.50

(b) Other Equity

	Capital Reserve	Securities Premium Account	Deemed capital contribution - Equity shares	Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	Debenture redemption reserve	Retained Earnings	Total
Balance at April 01, 2021	8.18	3,112.08	5.94	315.86	67.84	959.86	4,469.76
Profit for the year	-	-	-	-	-	184.69	184.69
Remeasurement profit on defined benefit plans	-	-	-	-	-	(0.39)	(0.39)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	<b>184.30</b>	<b>184.30</b>
Transfers to / (from) retained earnings	-	-	-	36.94	-	(36.94)	(0.00)
Reversal of ESOPs charges on cancellation	-	-	-	-	-	3.73	3.73
Balance at March 31, 2022	8.18	3,112.08	5.94	352.80	67.84	1,110.95	4,657.79
Profit for the year	-	-	-	-	-	277.86	277.86
Remeasurement loss on defined benefit plans	-	-	-	-	-	0.88	0.88
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	<b>278.75</b>	<b>278.75</b>
Transfers from retained earnings	-	-	-	55.57	-	(55.57)	-
Transfers to retained earnings	-	-	-	-	(44.93)	44.93	-
Reversal of ESOPs charges on cancellation	-	-	-	-	-	0.46	0.46
Balance at March 31, 2023	8.18	3,112.08	5.94	408.37	22.91	1,379.51	4,937.00

As per our report of even date attached.

For G. D. Apte & Co.  
Chartered Accountants

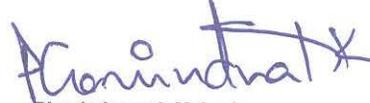
ICAI Firm Registration Number : 100515W

  
per Mayuresh V. Zele  
Partner  
Membership no: 150027



For and on behalf of the Board of Directors  
Edelweiss Retail Finance Limited

  
Shilpa Gattani  
Director  
DIN: 05124763

  
Phanindranath Kakarla  
Director  
DIN: 02076676

  
Hitesh Bhadada  
Chief Financial Officer



Place : Mumbai  
Date : May 16, 2023

**Edelweiss Retail Finance Limited**  
**Statement of Cash flows**  
(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 before tax	371.01	254.01
<i>Adjustments for</i>		
Depreciation, amortisation and impairment	10.56	34.67
Impairment of financial assets	(189.48)	(117.50)
Interest on debt securities (EIR adjustment)	(215.21)	(255.19)
Interest on borrowings other than debt securities (EIR adjustment)	(222.42)	(352.25)
Interest on subordinated liabilities (EIR adjustment)	(205.42)	(205.12)
Fair Value of Financial Instruments	(49.47)	-
Expense on Employee stock option scheme	2.80	6.69
Interest on lease liabilities	1.93	11.34
Loss / (Profit) on sale of Property, plant and equipment	(0.25)	1.58
<b>Operating cash flow before working capital changes</b>	<b>(495.95)</b>	<b>-621.76</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease/(Increase) in Trade receivables	(15.57)	(7.17)
Decrease/(Increase) in stock in trade	(127.84)	9.19
Decrease/(Increase) in Loans (net)	4,982.23	1,804.98
Decrease/(Increase) in Other financial assets	(717.55)	764.22
Decrease/(Increase) in Investments	496.96	(583.07)
Decrease/(Increase) in Other non financial assets	45.80	(63.25)
Increase / (Decrease) in Trade payables	0.87	(60.33)
Increase / (Decrease) in Non financial liabilities and provisions	3.79	91.23
Increase / (Decrease) in Other financial liability	(183.67)	(93.39)
<b>Cash used in operations</b>	<b>3,989.06</b>	<b>1,240.65</b>
Income taxes paid (net)	<b>(6.05)</b>	<b>12.44</b>
<b>Net cash used in operating activities - A</b>	<b>3,983.02</b>	<b>1,253.10</b>
<b>B Cash flow from investing activities</b>		
Purchase of Property, plant and equipment and Intangible Assets	(112.31)	(0.75)
Decrease/(Increase) in Intangibles under development	92.94	(40.62)
Purchase of AiF investments	(2,367.58)	-
Sale of Property, plant and equipment	(0.60)	0.63
Sale/Redemption of AIF investments	288.24	-
Dividend on investments	-	-
<b>Net cash generated from / (used in) investing activities - B</b>	<b>(2,099.31)</b>	<b>(40.75)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of Share capital (including Securities Premium)	-	-
Increase / (Decrease) in Debt Securities <sup>1</sup>	(1,872.58)	(100.01)
Increase / (Decrease) in Borrowings other than Debt Securities <sup>1</sup>	(1,073.12)	(2,720.41)
Increase / (Decrease) in Subordinate Debt	(0.00)	0.01
Repayment of lease obligations	(9.62)	(26.58)
Securitization liability	529.26	284.11
Interest on borrowings	643.06	812.56
<b>Net cash generated from financing activities - C</b>	<b>(1,783.01)</b>	<b>(1,750.33)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>100.69</b>	<b>(537.98)</b>
Cash and cash equivalent as at the beginning of the year	166.41	704.40
Cash and cash equivalent as at the end of the year	267.13	166.41
<b>Operational cash flows from interest</b>		
Interest paid	646.16	828.56
Interest received	1,023.93	1,624.01
Dividend received	-	-
CSR contribution to Edel Give Foundation	4.50	7.00

Notes:

1. Net figures have been reported on account of volume of transaction
2. For disclosure relating to changes in liabilities arising from financing activities, refer note 37

As per our report of even date attached.

**For G. D. Apte & Co.**  
**Chartered Accountants**  
Chartered Accountants  
ICAI Firm Registration Number : 100515W

per **Mayuresh V. Zele**  
Partner  
Membership No. 150027



**For and on behalf of the Board of Directors**  
**Edelweiss Retail Finance Limited**

**Shilpa Gattani**  
Director  
DIN: 05124763

**Phanindranath Kakarla**  
Director  
DIN: 02076676

**Hitesh Bhadada**  
Chief Financial Officer

Place : Mumbai  
Date : May 16, 2023

# Edelweiss Retail Finance Limited

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

### 1. Corporate Information:

Edelweiss Retail Finance Limited ('ERFL' or 'the Company') is a public limited company domiciled and incorporated under the provisions of the Companies Act applicable in India. The Company was originally incorporated on February 18, 1997 as "Affluent Dealcom Private Limited" which subsequently got converted to public limited on January 1, 2014 and then the Company's name changed to "Edelweiss Retail Finance Limited" with effect from January 6, 2014. The Company is subsidiary of Edelcap Securities Limited. ERFL is registered with the Reserve Bank of India (RBI) as a Systemically Important Non Deposit Accepting Non-Banking Financial Company.

ERFL is primarily engaged in the business of providing loan against property, business loans, loan to real estate developers and rural finance loans.

### 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.

#### 2.1 Presentation of financial statements:

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

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

### 3. Significant accounting policies

#### 3.1 Recognition of Interest income and Dividend income

##### 3.1.1 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. 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 loan. 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.

##### 3.1.2 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 III', the Company calculates interest income by applying the EIR to the amortised cost (net of expected credit loss) of the



## Edelweiss Retail Finance Limited

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

financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on gross basis.

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

#### 3.1.3 Fee and Commission Income

Fee and commission income includes fee 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 / agreements and basis the probability of consideration collection.

#### 3.1.4 Dividend Income

Dividend income is recognised when the Company's right to receive dividend is established on the reporting date.

#### 3.1.5. Other Income

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

### 3.2 Financial Instruments:

#### 3.2.1 Date of recognition:

Financial assets and liabilities except for loans and borrowings are initially recognised on the trade date, i.e. the date when Company becomes a party to the contractual provisions of the instrument. This includes regular ways of trade: purchase or sale 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 borrowing when funds are available for utilisation to the Company.

#### 3.2.2 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.

#### 3.2.3 Classification and 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:

- Amortised cost
- Fair value through other comprehensive income [FVOCI]
- Fair value through profit or loss [FVTPL]

The Company measures debt financial assets at amortised cost basis the following conditions: that meet the following conditions at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the 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.



## **Edelweiss Retail Finance Limited**

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

By default, all other financial assets are subsequently measured at FVTPL.

### **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.

### **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 change in fair value of financial assets is recognised in Profit and loss account.

## **3.3 Financial Assets and Liabilities:**

### **3.3.1 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 evidence of recent pattern of short-term profit is 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.

### **3.3.2 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.

### **3.3.3 Financial Guarantee:**

Financial guarantees are contract that requires the Company to make specified payments to reimburse the holder for loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

Financial guarantee issued or commitments to provide a loan at below market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. Subsequently they are measured at higher of this amortised amount and the amount of loss allowance.

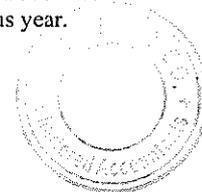
### **3.3.4 Loan Commitments:**

Undrawn loan commitments are commitments under which, the Company is required to provide a loan with pre-specified terms to the customer over the duration of the commitment. Undrawn loan commitments are in the scope of the ECL requirements.

## **3.4 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 off, or terminates a business line. The Company has not reclassified any of its financial assets or liabilities in current year and previous year.

## **3.5 Derecognition of financial Instruments:**



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

**3.5.1 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 contractual 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 amount to the eventual recipients unless it has collected equivalent amount from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

The Company has to remit any cash flow 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.

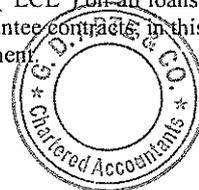
If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already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

**3.5.2 Derecognition of financial liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 in statement of profit or loss.

**3.6 Impairment of financial assets:**

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



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

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. As ECL considers the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

#### Simplified Approach

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

#### General Approach

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

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

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

Company categories its financial assets as follows:

#### Stage I Assets:

Stage I assets include financial instruments that did not have 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 II Assets:

Stage II Assets include financial instruments that have 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 III Assets:

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

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 loss on the uncancellable loan commitment is recognised together with the loss allowance for the financial asset.

The Company's product offering includes 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.

### 3.7 Collateral Valuation:



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

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 ECL. It is generally assessed, at a minimum, at inception and re-assessed on a periodic basis. However, some collateral, for example, securities relating to margin requirements, is assessed on a daily basis.

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.

#### **3.8 Collateral Repossessed:**

The Company's policy is to determine whether a repossessed asset can be best used for its internal operations or should it 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 Company's policy.

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet.

#### **3.9 Write-Offs:**

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery besides technical write off as per relevant policy.

#### **3.10 Forborne and modified loan:**

The Company sometimes make concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage II and Stage III are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage III forborne asset, until it is collected or written off.

#### **3.11 Determination of Fair Value:**

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

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

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

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

#### **Level 1 Financial Instruments:**

Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active



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

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 directly or indirectly from 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 a 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.

### 3.12 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 liabilities

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

#### Short term lease

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

#### Company as lessor:

The Company's accounting policy under Ind AS 116 has not changed from the comparative period. As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it



## **Edelweiss Retail Finance Limited**

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

transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

#### **3.13 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.

#### **3.14 Retirement and other employee benefit:**

##### **3.14.1 Provident fund and National Pension Scheme:**

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.

##### **3.14.2 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.

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.

##### **3.14.3 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.

##### **3.14.4 Equity-settled share-based payments and Stock Appreciation Rights (SARs):**

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



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#### 3.15 Property, Plant and Equipment (PPE):

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 is 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.

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
Furniture and fixtures	10 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

Leasehold improvements are amortised on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

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.

#### 3.16 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.

#### 3.17 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 assets is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

#### 3.18 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.



## **Edelweiss Retail Finance Limited**

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

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.

#### **3.19 Cash and cash equivalents**

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

#### **3.20 Income tax expenses:**

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

##### **3.20.1 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.

##### **3.20.2 Deferred tax:**

Deferred tax is recognised on temporary differences arising 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 it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

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

##### **3.20.3 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. Significant accounting judgements, estimates and assumptions:**

The preparation of these financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, incomes and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are included are given below:

##### **4.1 Business model assessment:**



**Edelweiss Retail Finance Limited**  
**Notes to the financial statement for the year ended March 31, 2023**

The Company determines the business model at a level that reflects how the 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 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 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 instruments.

**4.2 Significant increase in credit risk:**

As explained in note 49.1, ECL is measured as an allowance equal to 12-month ECL for Stage I assets, or lifetime ECL for Stage II or Stage III assets. An asset moves to Stage II when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. 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. Refer to note 49.1 for more details.

**4.3 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.

**4.4 Fair value of financial instruments:**

The Fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions based on market conditions existing at the end of each reporting period. Judgements and estimates include consideration of liquidity and model inputs related to items such as credit risk, funding value adjustments, correlation and volatility.

**4.5 Effective Interest Rate (EIR) Method:**

The Company's EIR methodology, as explained in Note 3.1.1, 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

**4.6 Impairment of Financial assets:**

The impairment provisions for the financial assets except assets valued at fair value through Profit & Loss account (FVTPL) are based on assumptions about estimation of the amount and timing of future cash flows, collateral values, assessment of a significant increase in credit risk, probability of default (PD) and Loss given default (LGD) rates. The Company uses judgements in making these assumptions and selecting the inputs for impairment calculations based on its past history, existing market conditions and forward looking estimates at the end of each period. These estimates are driven by number of factors, change in which can result in different level of allowance.

The Company's expected credit loss (ECL) calculations are output of complex model with number of underlying assumptions regarding choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades based on ageing.
- 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 LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.



## **Edelweiss Retail Finance Limited**

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

- 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, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

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

#### **4.7 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.

#### **4.8 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.

#### **4.9 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. Leases:**

Significant judgements are involved in evaluating if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company also uses significant judgement in assessing the applicable discount rate which is an equivalent to incremental borrowing rate estimated on best effort basis.

#### **6. Recent Accounting Pronouncement:**

Ministry of Corporate affairs have made changes on March 31, 2023, in the following Indian Accounting Standards (Ind AS) amended namely Ind AS 101, Ind AS 102, Ind AS 103, Ind AS 107, Ind AS 109, Ind AS 115, Ind AS 1, Ind AS 8, Ind AS 12 and Ind AS 34. These amendments shall be applicable from annual reporting periods beginning on or after April 01, 2023.

7. A Scheme of Amalgamation for merger (Merger by Absorption) of Edelweiss Retail Finance Limited ("ERFL") with the Company ("Transferee Company") and their respective shareholders under section 230 to 232 of the Companies Act, 2013 and the Rules made there under has been filed with the Hon'ble National Company Law Tribunal ("NCLT") on March 26, 2019. Further, on March 25, 2019, the Company had applied for approval from the Reserve Bank of India in relation to the said merger, which was approved by the RBI on September 27, 2019. The Company is in process to obtain NOCs from all the lending banks.



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Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

	As at		As at			
	March 31, 2023		March 31, 2022			
<b>8 Cash and cash equivalents</b>						
Balances with banks						
- in current accounts		267.13		166.41		
- in fixed deposits with original maturity less than three months		-		-		
- Accrued interest on fixed deposits		-		-		
		<u>267.13</u>		<u>166.41</u>		
<b>9 Bank balances other than cash and cash equivalents</b>						
Fixed deposits with original maturity more than three months and less than 12 months		97.36		117.56		
Fixed deposits with original maturity more than 12 months		22.01		22.01		
		<u>119.37</u>		<u>139.57</u>		
<b>9.1. Encumbrances on fixed deposits with bank held by the Company</b>						
Given as credit enhancements towards securitisation		106.97		22.06		
Given as collateral against Bank overdraft		-		15.54		
<b>10 Securities held for trading</b>						
At fair value through profit and loss account						
	As at March 31, 2023			As at March 31, 2022		
	Face value	Quantity	Amount	Face value	Quantity	Amount
<b>Debt Securities</b>						
9.65% ECL Finance Limited 06.08.2023 Bonds	1,000	14,936	16.51	1,000	14,936	16.48
0.00% ECL Finance Limited 04.04.2022 Bonds	-	-	-	1,000	7,209	9.75
10.00% Edelweiss Housing Finance Limited 19.07.2026 NCD	1,000	1,798	1.98	1,000	7,465	8.03
10.20% ECL Finance Limited 04.04.2022 Bonds	-	-	-	1,000	3,829	4.01
0.00% ECL Finance Limited 06.08.2023 Bonds	1,000	3,834	5.86	1,000	3,834	4.54
10.20% ECL Finance Limited 23.08.2022 Bonds	-	-	-	1,000	1,951	2.27
0.00% ECL Finance Limited 23.08.2022 Bonds	-	-	-	1,000	1,762	2.29
10.40% ECL Finance Limited 04.01.2024 Bonds	1,000	772	0.80	1,000	772	0.79
0.00% ECL Finance Limited 04.01.2024 Bonds	1,000	218	0.33	1,000	218	0.29
0.00% ECL Finance Limited 23.05.2024 Bonds	1,000	3	0.00	1,000	3	0.00
10.60% ECL Finance Limited 04.01.2029 Bonds	1,000	1	0.00	1,000	1	0.00
9.25% ECL Finance Limited 06-Aug-2023 Bonds	1,000	1,853	1.79	1,000	1,853	1.83
10.18% Edel Finance Company Limited 27-Apr-2027 Bonds	10,00,000	140	150.85	-	-	-
<b>Total Debt securities</b>			<u>178.13</u>			<u>50.29</u>

Note: Please refer note 50.1 Fair Value measurement for valuation methodologies for securities held for trading.

	As at		As at	
	March 31, 2023		March 31, 2022	
<b>11 Trade receivables</b>				
Trade receivables (Unsecured)				
Receivables considered good - non-related party		12.31		0.27
Receivables considered good - related party - (Refer note 46)		23.45		19.72
Receivables which have significant increase in credit risk		0.65		0.14
		<u>36.41</u>		<u>20.13</u>
Less : Allowance for expected credit losses		(1.19)		(0.49)
		<u>35.21</u>		<u>19.64</u>



Reconciliation of impairment allowance on trade receivables:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Impairment allowance measured as per simplified approach		
Impairment allowance - Opening Balance	(0.49)	(0.84)
(Add)/ Less: Change due to receivable balance/bucketig (net)	(0.70)	0.35
Impairment allowance - Closing Balance	(1.19)	(0.49)

Note: For disclosure relating to trade receivable ageing/ provision matrix, refer note 51

11(a) Trade Receivable Ageing Schedule

As at March 31, 2023

Particulars	Outstanding for March 31, 2023 <sup>#</sup>					Total
	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	35.69	0.06	-	-	-	35.75
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	0.65	-	0.65
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Receivable (A)</b>	<b>35.69</b>	<b>0.06</b>	<b>-</b>	<b>0.65</b>	<b>-</b>	<b>36.41</b>
(i) Undisputed Trade receivables – considered good	0.50	0.04	-	-	-	0.54
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	0.65	-	0.65
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>ECL Provision on receivables (B)</b>	<b>0.50</b>	<b>0.04</b>	<b>-</b>	<b>0.65</b>	<b>-</b>	<b>1.19</b>
<b>Receivables net of provision = (A)-(B)</b>	<b>35.19</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35.21</b>

As at March 31, 2022

Particulars	Outstanding for March 31, 2022 <sup>#</sup>					Total
	Less than 6 Months	6 Months - 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	19.97	0.02	-	-	-	19.99
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	0.14	-	0.14
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>Receivable (A)</b>	<b>19.97</b>	<b>0.02</b>	<b>-</b>	<b>0.14</b>	<b>-</b>	<b>20.13</b>
(i) Undisputed Trade receivables – considered good	0.34	0.01	-	-	-	0.35
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	0.14	-	0.14
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
<b>ECL Provision on receivables (B)</b>	<b>0.34</b>	<b>0.01</b>	<b>-</b>	<b>0.14</b>	<b>-</b>	<b>0.49</b>
<b>Receivables net of provision = (A)-(B)</b>	<b>19.63</b>	<b>0.02</b>	<b>-</b>	<b>(0.00)</b>	<b>-</b>	<b>19.64</b>

<sup>#</sup> Unbilled amount due of March 2023 is Nil (March 2022- Nil).



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>12 Loans (At amortised Cost)</b>		
<b>A. Term Loans</b>		
(i) Retail loans	3,786.86	4,996.09
(ii) Wholesale loans	1,861.18	5,723.13
<b>Total (A) - Gross</b>	<u>5,648.05</u>	<u>10,719.22</u>
Less: Allowance for expected credit loss (including on loan commitment)	(204.38)	(482.79)
<b>Total (A) - Net</b>	<u>5,443.67</u>	<u>10,236.43</u>
<b>B. Term Loans</b>		
(i) Secured by tangible assets (refer note 49.1.2)	3,160.67	6,028.04
(ii) Unsecured	2,487.38	4,691.18
<b>Total (B) - Gross</b>	<u>5,648.05</u>	<u>10,719.22</u>
Less: Allowance for expected credit loss (including on loan commitment)	(204.38)	(482.79)
<b>Total (B) - Net</b>	<u>5,443.67</u>	<u>10,236.43</u>
<b>C. Term Loans</b>		
<b>C.I Loans in India</b>		
(i) Public Sectors	-	-
(ii) Others	5,648.05	10,719.22
<b>Total (C.I) - Gross</b>	<u>5,648.05</u>	<u>10,719.22</u>
Less: Allowance for expected credit loss (including on loan commitment)	(204.38)	(482.79)
<b>Total (C.I) - Net</b>	<u>5,443.67</u>	<u>10,236.43</u>
<b>C.II Loans outside India</b>	-	-
Less: Allowance for expected credit loss (including on loan commitment)	-	-
<b>Total (C.II) - Net</b>	<u>-</u>	<u>-</u>
<b>Total: (C.I and C.II)</b>	<u>5,443.67</u>	<u>10,236.43</u>

- 12.1. Loans or advances in the nature of loans 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

Type of Borrower	As at March 31, 2023		As at March 31, 2022	
	Amount of Loan/Advance in the nature of Loan outstanding	% to the total loan and advance in the nature of loans	Amount of Loan/Advance in the nature of Loan outstanding	% to the total loan and advance in the nature of loans
Promoter	-	-	-	-
Directors	-	-	-	-
KMP's	-	-	-	-
Related Parties	-	-	-	-
<b>Total</b>	-	0%	0	0%



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

12.2. Credit Quality of Assets

The table below shows the credit quality and the maximum exposure to credit risk based on year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading system are explained in Note 49.1 and policies on ECL allowances are set out in Note 3.6. Refer note 49.1.3 for modified and forborne loans.

(a) Gross carrying amount of loan assets allocated to Stage I, Stage II and Stage III

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
Loans (at amortised cost)								
Performing								
High grade	4,502.00	-	-	4,502.00	7,469.23	-	-	7,469.23
Standard grade	-	987.59	-	987.59	-	3,001.94	-	3,001.94
Non-performing								
Impaired	-	-	158.46	158.46	-	-	248.05	248.05
<b>Total</b>	<b>4,502.00</b>	<b>987.59</b>	<b>158.46</b>	<b>5,648.05</b>	<b>7,469.23</b>	<b>3,001.94</b>	<b>248.05</b>	<b>10,719.22</b>

(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to loan assets is as follows:

Particulars	Non-credit impaired		Stage II		Credit impaired		Total	
	Stage I	Stage II	Stage I	Stage II	Stage III	Stage III	Stage I	Stage II
	Gross carrying amount	Allowance for ECL						
<b>For the year ended March 31, 2023</b>								
Opening Balance	7,469.23	40.22	3,001.94	389.61	248.05	52.81	10,719.22	482.64
Transfers:								
Transfers to 12 Month ECL (Stage 1)	19.98	2.15	(5.42)	(0.72)	(14.55)	(1.43)	-	-
Transfers to lifetime ECL (Stage 2)	(293.74)	(2.51)	308.28	4.35	(14.54)	(1.83)	-	-
Transfers to lifetime ECL - Credit impaired (Stage 3)	(47.05)	(0.27)	(251.96)	(23.81)	299.02	24.07	-	-
Remeasurement of ECL arising from transfer of stage (net)		(1.78)		21.14		19.32		38.68
Net new and further lending/ (repayments)	(2,624.88)	46.65	(2,044.72)	(294.89)	691.02	37.06	(3,978.58)	(211.19)
Amounts written off	(21.53)	(2.37)	(20.52)	(9.39)	(18.31)	(8.04)	(60.35)	(19.80)
Loan sold to Asset Reconstruction Company Trust and AIF	-	-	-	-	(1,032.23)	(86.28)	(1,032.23)	(86.28)
<b>Closing Balance</b>	<b>4,502.00</b>	<b>82.08</b>	<b>987.59</b>	<b>86.29</b>	<b>158.46</b>	<b>35.68</b>	<b>5,648.05</b>	<b>204.05</b>
<b>For the year ended March 31, 2022</b>								
Opening Balance	7,686.17	94.41	3,301.29	247.31	1,561.17	279.81	12,548.63	621.53
Transfers:								
Transfers to 12 Month ECL (Stage 1)	1,212.85	115.10	(814.61)	(57.25)	(398.24)	(57.85)	-	-
Transfers to lifetime ECL (Stage 2)	(333.88)	(3.00)	772.91	83.89	(439.03)	(80.90)	-	-
Transfers to lifetime ECL - Credit impaired (Stage 3)	(179.69)	(1.82)	(24.97)	(4.31)	204.65	6.13	-	-
Remeasurement of ECL arising from transfer of stage (net)		(86.08)		59.16		24.02		(2.90)
Net new and further lending/ (repayments)	(867.57)	(72.68)	(207.83)	74.99	(224.03)	(58.18)	(1,299.45)	(55.87)
Amounts written off	(48.64)	(5.71)	(24.85)	(14.19)	(6.01)	(3.25)	(79.50)	(23.15)
Loan sold to Asset Reconstruction Company Trust and AIF	-	-	-	-	(450.46)	(56.97)	(450.46)	(56.97)
<b>Closing Balance</b>	<b>7,469.23</b>	<b>40.22</b>	<b>3,001.94</b>	<b>389.61</b>	<b>248.05</b>	<b>52.81</b>	<b>10,719.22</b>	<b>482.64</b>

Notes:

- Contractual outstanding amount is written off.
- Changes in loss allowance is due to change in portfolio composition and movement in loan outstanding as the year end.
- The Company 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 Rs. 25.61 crores (net of provisions) to asset reconstruction companies trusts (ARC Trust). Accordingly, on account of subsequent sale to and recovery from ARC Trusts of such credit impaired assets, management has recorded such financial assets as recoverable and not as credit impaired financial assets. As at 31st March, 2023, we have incurred a loss of amounting to Rs.6.40 crores and recorded in financial statement.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

12.3. Credit Quality of exposure (Loan Commitment)

(a) Gross carrying amount of loan commitment allocated to Stage I, Stage II and Stage III

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>Loans (at amortised cost)</b>								
<b>Performing</b>								
High grade	116.00	-	-	116.00	55.55	-	-	55.55
Standard grade	-	-	-	-	-	-	-	-
Substandard grade	-	-	-	-	-	-	-	-
<b>Non-performing</b>								
Impaired	-	-	0.04	0.04	-	-	0.04	0.04
<b>Total</b>	<b>116.00</b>	<b>-</b>	<b>0.04</b>	<b>116.04</b>	<b>55.55</b>	<b>-</b>	<b>0.04</b>	<b>55.59</b>

(b) Reconciliation of changes in gross carrying amount and the corresponding ECL in relation to of loan commitment is as follows:

Particulars	Non-credit impaired		Credit impaired		Total		
	Stage I	Stage II	Stage III	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	
<b>For the Year Ended March 31, 2023</b>							
Opening Balance	55.55	0.14	-	-	0.04	-	55.59
Transfers:							
Transfers to 12 Month ECL (Stage 1)	-	-	-	-	-	-	-
Transfers to lifetime ECL (Stage 2)	-	-	-	-	-	-	-
Transfers to lifetime ECL - Credit impaired (Stage 3)	(5.38)	-	-	-	5.38	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	-	-	-	-	-	-
Net new sanctions and (disbursement)	65.83	0.14	-	-	(5.38)	0.04	60.45
Closing Balance	116.00	0.28	-	-	0.04	0.04	116.04
<b>For the Year Ended March 31, 2022</b>							
Opening Balance	17.00	0.49	42.38	2.70	-	-	59.38
Transfers:							
Transfers to 12 Month ECL (Stage 1)	34.89	-	(34.89)	-	-	-	-
Transfers to lifetime ECL (Stage 2)	(0.54)	-	0.54	-	-	-	-
Transfers to lifetime ECL - Credit impaired (Stage 3)	-	-	-	-	-	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	-	-	-	-	-	-
Net new sanctions and (disbursement)	4.20	(0.35)	(8.03)	(2.70)	0.04	-	(3.79)
Closing Balance	55.55	0.14	-	-	0.04	-	55.59



13 Investments

As at March 31, 2023	Particulars	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7) = (1+5+6)
			Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
	Security receipts	-	-	783.61	-	783.61	-	783.61
	Units of AIF	-	-	2,331.79	-	2,331.79	-	2,331.79
	<b>Total - Gross (A)</b>	-	-	<b>3,115.40</b>	-	<b>3,115.40</b>	-	<b>3,115.40</b>
	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investment in India	-	-	3,115.40	-	3,115.40	-	3,115.40
	<b>Total (B)</b>	-	-	<b>3,115.40</b>	-	<b>3,115.40</b>	-	<b>3,115.40</b>
	Less: Allowance for impairment (C)	-	-	-	-	-	-	-
	<b>Total Net (A-C)</b>	-	-	<b>3,115.40</b>	-	<b>3,115.40</b>	-	<b>3,115.40</b>

As at March 31, 2022	Particulars	At Amortised cost (1)	At fair value			Subtotal 5 = (2+3+4)	At cost (6)	Total (7) = (1+5+6)
			Through OCI (2)	Through P&L (3)	Designated at fair value through Profit or loss (4)			
	Security receipts	-	-	1,240.22	-	1,240.22	-	1,240.22
	Units of AIF	-	-	300.76	-	300.76	-	300.76
	<b>Total - Gross (A)</b>	-	-	<b>1,540.98</b>	-	<b>1,540.98</b>	-	<b>1,540.98</b>
	(i) Investments outside India	-	-	-	-	-	-	-
	(ii) Investment in India	-	-	1,540.98	-	1,540.98	-	1,540.98
	<b>Total (B)</b>	-	-	<b>1,540.98</b>	-	<b>1,540.98</b>	-	<b>1,540.98</b>
	Less: Allowance for impairment (C)	-	-	-	-	-	-	-
	<b>Total Net (A-C)</b>	-	-	<b>1,540.98</b>	-	<b>1,540.98</b>	-	<b>1,540.98</b>

Note:

- During the quarter and the year ended March 31, 2023, the Company had sold certain financial assets amounting to Nil and Rs.58.63 crores (net of provision) respectively, to asset reconstruction company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to Nil and Rs 62.22 crores respectively 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. ERFL, the 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.
- During the year ended March 31, 2023, ERFL has received confirmation that binding bids received by assets reconstruction companies ('ARCs' of 'trusts') & Alternative Investment Fund (AIF) about transfer of underlying financial assets for which settlement were executed post the balance sheet date but before approval of financial results by the Board of Directors, accordingly, we have recorded receivable against these transfer of investment was Rs. 543.79 millions. As per Ind AS 10, Events after the reporting period, which require that, event that provide evidence of condition existed at the end of reporting period, and as per Ind AS 109- Financial Instruments, which require that, financial instruments be classified and measured based on their economic substance, rather than their legal form in achieving a more accurate representation of a company's financial position and risk exposure related to financial instruments, accordingly, on account subsequent receipt of payment from ARC Trusts and AIF, management has recorded as recoverable from trusts and AIFs and derecognised the financial assets.
- Alternative Investment Fund: The Company made investment in AIF, in the view of Ind AS 109 and accounting policy of the company from derecognition aspect, considered some important points as below mentioned:
  - Company has transferred some of these loan assets directly to the AIF where there are other assets were also lying in the funds, also there are customers who paid to Company and in-turn Company invested in AIF.
  - AIF also has other investor who hold some percentage holding in AIF.
  - AIF has right to appoint investment manager. Investment manager control and take decision to manage the assets.
  - The instrument in which the company invested in AIF is different than the previous holding as loan assets,
  - AIF evaluate all the underlying assets of the fund and then declare NAV per unit.
  - There are other investors who are holding some percentage in AIF while company holds below 50%.
  - These instrument as classified as level 3 instrument as FVTPL and any fair value gain or loss recognised in Profit and Loss account.

Considering above mentioned facts, the Company has not retained any control where company has practical ability to see the assets in entirety although some risk and rewards are not transferred. Such Derecognition of assets from the books of the Company, is in line with Ind AS 109. Also, looking the facts that AIF has other assets in the fund and NAV of the units is declared considering all the assets under management of such fund. Hence Company is not holding all the risk and rewards of the transferred assets rather it is distributed in the percentage of holding and Company is holding below 50% of the pool of assets instead of majority holding in particular assets. Accordingly, the Company in the view that it is appropriately derecognised from the books of the Company.



13.1 Investments Details

	As at March 31, 2023			As at March 31, 2022		
	Face Value/ NAV	Quantity	Amount	Face Value/ NAV	Quantity	Amount
<b>Security receipts</b>						
EARC Trust SC 373	186.69	2,25,250	42.05	432.16	2,25,250	97.34
EARC Trust SC 385	628.95	1,79,783	113.07	653.96	2,76,590	180.88
EARC Trust SC 416	981.50	98,842	97.01	989.33	1,52,065.00	150.44
Omikara PS 04 Trust	974.93	2,36,216	230.30	978.50	2,75,506	269.58
Omikara PS34/2021-22	1000.00	54,839	54.85	1,000.00	63,920.00	63.92
EARC Trust SC - 378	454.67	22,780	10.36	504.29	22,780.00	11.49
EARC Trust SC 374	481.36	63,106	30.38	727.74	63,106.00	45.93
EARC Trust SC 417	864.41	2,37,851	205.61	877.72	3,65,925.00	321.18
CFMARC Trust - 94	0.00	-	0.00	1,000.00	99,450.00	99.45
			<b>783.64</b>			<b>1,240.22</b>
<b>Units of AIF</b>						
Real Estate Credit Opportunities Fund II	-	-	-	9917.09	22,400	222.14
LICHFL Housing & Infrastructure Fund	106.51	13,40,277	142.74	100.00	7,86,180	78.62
EDELWEISS VALUE AND GROWTH FUND	1,17,574.91	3,257	382.95	-	-	-
Edelweiss Private Equity Tech fund	1,95,753.25	1,266	247.81	-	-	-
Alternative Investment FUND (AIF)	6,410.16	2,43,091	1,558.24	-	-	-
			<b>2,331.75</b>			<b>300.76</b>
			<b>3,115.38</b>			<b>1,540.98</b>



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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	As at March 31, 2023	As at March 31, 2022
<b>14 Other financial assets</b> (unsecured, considered good)		
Security Deposits	13.95	13.96
Advances to others	418.10	23.93
Receivable from Trust	393.54	-
Deposits- others	0.09	0.10
Margin placed with broker	0.51	0.97
	<u>826.19</u>	<u>38.96</u>
<b>15 Current tax assets (net)</b>		
Advance income taxes (net of provision for tax Rs. 200.18 million, previous year Rs. 86.23 million)	72.53	63.96
	<u>72.53</u>	<u>63.96</u>
<b>16 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
<u>Loans</u>		
Provision for expected credit loss	51.43	121.51
Unamortised processing fees - EIR on lending	3.20	6.00
<u>Property, plant and equipment and intangibles</u>		
Difference between book and tax depreciation	5.04	10.03
<u>Employee benefit obligations</u>		
Provision for compensated absences	0.56	0.64
Disallowances under section 43B of the Income Tax Act, 1961	2.29	0.01
<u>Lease liability</u>	6.45	4.06
<u>Others</u>	14.07	8.67
	<u>83.04</u>	<u>150.92</u>
<b>Deferred tax liabilities</b>		
<u>Investments and other financial instruments</u>		
Unamortised loan origination costs - EIR on lending	4.55	5.77
Recognition of Interest Strip on assignment deals	25.57	13.44
Accrued Interest on Stage 3 receivables	-	-
<u>Borrowings</u>		
Effective interest rate on financial liabilities	10.36	11.37
<u>Right-of-use Asset (ROU)</u>	6.02	3.28
	<u>46.50</u>	<u>33.86</u>
	<u>36.54</u>	<u>117.06</u>

Note: For disclosure relating to movement in deferred tax assets / liabilities, refer note 39.3.



17 Property, Plant and Equipment

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block
	As at April 01, 2022	Additions during the year	Disposals during the year	As at March 31, 2023	As at April 01, 2022	Charge for the year	Disposals during the year	As at March 31, 2023	As at March 31, 2023
<b>Property, Plant and Equipment</b>									
Land*	0.37	-	-	0.37	-	-	-	-	0.37
Leasehold improvements	3.89	-	0.16	3.73	3.25	0.45	0.16	3.54	0.19
Furniture and Fixtures	2.40	-	0.41	1.99	1.63	0.19	0.31	1.51	0.48
Office equipment	4.74	0.14	0.81	4.07	4.15	0.26	0.76	3.65	0.42
Computers	17.12	-0.14	3.61	13.37	15.04	0.63	3.41	12.26	1.11
Right-of-use Asset (ROU)	119.59	19.53	0.46	138.66	106.54	8.20	-	114.74	23.92
<b>Total</b>	<b>148.11</b>	<b>19.53</b>	<b>5.45</b>	<b>162.19</b>	<b>130.61</b>	<b>9.73</b>	<b>4.64</b>	<b>135.70</b>	<b>26.49</b>

18 Intangible Assets Under Development

(i) Intangible Assets Under Development Ageing Schedule:-

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of March 31, 2023				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Project in progress					
Digital Lending Platform (DLP)	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(ii) For Intangible Assets Under Development, whose completion is overdue or has exceeded its cost compared to its original plan, refer below schedule:-

Intangible Assets Under Development	To be completed in				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Digital Lending Platform (DLP)	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

19 Other Intangible Assets

Description of Assets	Gross Block				Accumulated Amortisation and Impairment				Net Block
	As at April 01, 2022	Additions during the year	Disposals during the year	As at March 31, 2023	As at April 01, 2022	Charge for the year	Disposals during the year	As at March 31, 2023	As at March 31, 2023
<b>Other Intangible Assets</b>									
Software	15.78	112.31	-	128.09	15.01	0.82	-	15.83	112.26
<b>Total</b>	<b>15.78</b>	<b>112.31</b>	<b>-</b>	<b>128.09</b>	<b>15.01</b>	<b>0.82</b>	<b>-</b>	<b>15.83</b>	<b>112.26</b>

Note:

\* Charged against secured redeemable non-convertible debentures



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

17 Property, Plant and Equipment (Previous Year)

Description of Assets	Gross Block				Accumulated Depreciation and Impairment				Net Block
	As at April 01, 2021	Additions during the year	Disposals during the year	As at March 31, 2022	As at April 01, 2021	Charge for the year	Disposals during the year	As at March 31, 2022	As at March 31, 2022
Property, Plant and Equipment									
Land*	0.37	-	-	0.37	-	-	-	-	0.37
Leasehold improvements	8.56	0.32	4.99	3.89	5.77	1.55	4.07	3.25	0.64
Furniture and Fixtures	4.08	0.02	1.70	2.40	2.36	0.40	1.13	1.63	0.77
Vehicles	-	-	-	-	-	-	-	-	-
Office equipment	7.55	0.11	2.92	4.74	6.19	0.53	2.57	4.15	0.59
Computers	23.78	0.30	6.96	17.12	20.69	0.94	6.59	15.04	2.08
Right-of-use Asset (ROU)	180.67	37.34	98.42	119.59	78.52	28.02	-	106.54	13.05
<b>Total</b>	<b>225.01</b>	<b>38.09</b>	<b>114.99</b>	<b>148.11</b>	<b>113.53</b>	<b>31.44</b>	<b>14.36</b>	<b>130.61</b>	<b>17.50</b>

18 Intangible Assets Under Development (Previous Year)

(i) Intangible Assets Under Development Ageing Schedule:-

Intangible Assets Under Development	Amount in Intangible Assets Under Development for a period of March 31, 2022				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Project in progress					
Digital Lending Platform (DLP)*	40.62	52.32	-	-	92.94
<b>Total</b>	<b>40.62</b>	<b>52.32</b>	<b>-</b>	<b>-</b>	<b>92.94</b>

(ii) For Intangible Assets Under Development, whose completion is overdue or has exceeded its cost compared to its original plan, refer below schedule:-

Intangible Assets Under Development	To be completed in				Total
	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
Digital Lending Platform (DLP)	125.00	-	-	-	125.00
<b>Total</b>	<b>125.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125.00</b>

\* The company is developing a Digital Lending Platform (DLP) for automation of retail loan origination process. The original projected cost of the software was estimated at Rs. 95.00 million with a variation of 10%. During the development phase, Co- Lending Model (CLM) module was identified as an additional module for development, accordingly the project cost is revised and estimated to be Rs. 125 million. Further, timeline for completion of the project is also revised and expected to be completed by FY 2023.

19 Other Intangible Assets (Previous Year)

Description of Assets	Gross Block				Accumulated Amortisation and Impairment				Net Block
	As at April 01, 2021	Additions during the year	Disposals during the year	As at March 31, 2022	As at April 01, 2021	Charge for the year	Disposals during the year	As at March 31, 2022	As at March 31, 2022
Other Intangible Assets									
Software	15.78	-	-	15.78	11.78	3.23	-	15.01	0.77
<b>Total</b>	<b>15.78</b>	<b>-</b>	<b>-</b>	<b>15.78</b>	<b>11.78</b>	<b>3.23</b>	<b>-</b>	<b>15.01</b>	<b>0.77</b>

Note:

\*Charged against secured redeemable non-convertible debentures



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Notes to the financial statements for year ended March 31, 2023 (Continued)  
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	As at March 31, 2023	As at March 31, 2022
<b>20 Other non-financial assets</b>		
Input tax credit (Goods and Services Tax)	98.58	110.71
Prepaid expenses	11.69	23.41
Advances to vendors	1.78	23.75
Advances to employees	0.27	0.24
	<u>112.31</u>	<u>158.11</u>

**21 Trade Payables**

Trade payables to non-related parties	54.04	42.55
Trade payables to related parties (Refer note 46)	3.23	11.51
	<u>57.27</u>	<u>54.06</u>

Note:

(i) Total outstanding dues to creditors other than micro enterprises and small enterprises	57.27	53.17
(ii) Total outstanding dues of micro enterprises and small enterprises	-	0.89

Trade Payables includes Nil amount payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. (Previous Year Rs.0.89 million) Interest paid by the company during the year to "Suppliers" registered under this Act is Nil (Previous year: Rs.0.06 million). The aforementioned is based on the responses received by the company to its inquiries with suppliers with regard to applicability under the said Act.

**21.1 Trade Payable Ageing :-**

Particulars	Outstanding for March 31, 2023 <sup>#</sup>				Total
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	50.80	1.09	1.04	4.34	57.27
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>50.80</b>	<b>1.09</b>	<b>1.04</b>	<b>4.34</b>	<b>57.27</b>

**Trade Payable Ageing :-**

Particulars	Outstanding for March 31, 2022 <sup>#</sup>				Total
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	
(i) MSME	0.89	-	-	-	0.89
(ii) Others	47.83	1.22	2.72	1.39	53.17
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>48.72</b>	<b>1.22</b>	<b>2.72</b>	<b>1.39</b>	<b>54.06</b>

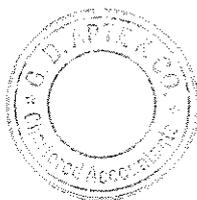
<sup>#</sup> Unbilled amount due of March 2023 is Rs.38.54 million (March 2022- Rs.31.18 million).

**22 Debt securities (In India)**

(At amortised cost)

	As at March 31, 2023	As at March 31, 2022
Non-convertible redeemable debentures (Secured)		
Privately placed non-convertible debentures	-	1,040.74
Publicly placed non-convertible debentures	889.88	1,763.69
	<u>889.88</u>	<u>2,804.43</u>

Note: For disclosure relating to repayment and other terms, refer note 53



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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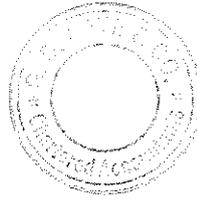
	As at March 31, 2023	As at March 31, 2022
<b>23 Borrowings other than debt securities (In India)</b> (At amortised cost)		
Term Loan (secured)		
From Banks	-	1101.59
From Financial Institution	266.39	298.59
Note: For disclosure relating to repayment and other terms, refer note 52	<u>266.39</u>	<u>1400.18</u>
Bank overdraft (Secured)	355.76	374.11
Bank overdraft is in nature of committed Cash Credit lines repayable on demand (Interest rate range, March-23 7.95% - 11.55% , March-22: 7.95% - 11.55%)	<u>355.76</u>	<u>374.11</u>
Loan & Advances From Edel Land Limited	0.17	-
Others	83.28	-
	<u>705.60</u>	<u>1774.29</u>
<b>23(a) Wilful Defaulter</b>		
The company is not declared as a wilful defaulter by any bank or financial Institution or other lender.		
<b>23(b) Compliance to the borrower's terms &amp; periodical filing of statements of current assets</b>		
Company has borrowings from banks or financial institutions on the basis of security of current assets as mentioned in Note 23 above		
(i) Company has filed quarterly returns or statements of current assets in timely manner and are in agreement with the books of accounts		
(ii) There are no material discrepancies in quarterly returns or statements filed.		
<b>24 Subordinated liabilities (In India)</b> (At amortised cost)		
Non-convertible subordinated debentures	1,731.84	1694.54
Non-convertible perpetual debentures	458.76	458.64
Note: For disclosure relating to repayment and other terms, refer note 54 & 55	<u>2,190.60</u>	<u>2153.18</u>
<b>25 Other financial liabilities</b>		
Securitisation liability	813.50	284.11
Investor payable on assigned loans	24.18	164.04
Lease liabilities	25.62	16.12
Payable to employees	50.63	46.42
Bank overdraft	4.61	41.11
Debenture application money received pending allotment	0.13	0.13
Other payable	103.26	122.04
	<u>1,021.92</u>	<u>673.97</u>



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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	As at March 31, 2023	As at March 31, 2022
<b>26 Current tax liabilities (net)</b>		
Provision for taxation (net of advance tax Rs. 411.83 million, previous year Rs. 528.31 million)	59.17	44.02
	<u>59.17</u>	<u>44.02</u>
<b>27 Provisions</b>		
Provision for employee benefits (refer note 43)		
Gratuity	9.09	8.71
Compensated leave absences	2.23	2.53
Others	1.63	0.14
	<u>12.95</u>	<u>11.38</u>
<b>28 Other non-financial liabilities</b>		
Revenue received in advance	0.11	0.06
Payable to others	7.70	8.16
Statutory dues payable	33.53	31.78
	<u>41.34</u>	<u>40.00</u>

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Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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	As at March 31, 2023	As at March 31, 2022
<b>29 Equity share capital</b>		
Authorised :		
5,00,00,000 (Previous year: 5,00,00,000) equity shares of Rs.10 each	500.00	500.00
	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed and Paid up:		
4,29,50,000 (Previous year: 4,29,50,000) Equity shares of Rs. 10, fully paid-up	429.50	429.50
	<u>429.50</u>	<u>429.50</u>

(a) Movement in share capital :

	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	4,29,50,000	429.50	4,29,50,000	429.50
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	<u>4,29,50,000</u>	<u>429.50</u>	<u>4,29,50,000</u>	<u>429.50</u>

(b) Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of Rs. 10/-. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(c) Shares held by Promoters/holding/ultimate holding company and/or their subsidiaries

	% Change during the year	As at March 31, 2023		As at March 31, 2022	
		No of shares	%	No of shares	%
Edelcap Securities Limited (Holding company)**	-	3,02,58,333	70.45%	3,02,58,333	70.45%
Edelweiss Financial Services Limited (Ultimate holding company)	-	-	-	-	-
Edelweiss Finvest Limited (Amalgamated with Edel Finance Company Limited) (Fellow subsidiary)	-	30,00,000	6.98%	30,00,000	6.98%
Ecap Equities Limited (Formerly known as Edel Land Limited) (Fellow subsidiary)*	-	96,91,667	22.57%	96,91,667	22.57%
	-	<u>4,29,50,000</u>	<u>100.00%</u>	<u>4,29,50,000</u>	<u>100.00%</u>

\*On June 9, 2021 Edelweiss Financial Services Limited has transferred 96,91,667 equity shares of the company to Edel Land Limited resulting to change of shareholding of the company.

\*\*Includes 6 Equity shares held by nominees of Edelcap Securities Limited.

(d) There are no shares reserved for issue under options and contracts / commitments for the sale of shares/ disinvestment.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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	As at March 31, 2023	As at March 31, 2022
<b>30 Other Equity</b>		
Capital reserve	8.18	8.18
Securities premium	3,112.08	3,112.08
Statutory reserve under section 45-IC	408.37	352.80
Debenture redemption reserve	22.91	67.84
Deemed capital contribution - Equity	5.94	5.94
Retained earnings	1,379.52	1,110.96
	<u>4,937.00</u>	<u>4,657.79</u>

Note: For movement in Other Equity, refer 'Statement of changes in Equity'.

**30.1. Nature and purpose of Reserves**

**(a) Capital reserve**

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

**(b) Securities Premium**

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

**(c) Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934**

Reserve created under section 45-IC of 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.

**(d) Debenture Redemption Reserve**

The Company being an NBFC is required to create and maintain debenture redemption reserve (DRR) equivalent to 25% of the public issue of debentures, as required by Companies Act, 2013. The amounts credited to the DRR may not be utilised except on redemption of such debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings. However, as per the recent amendment to the Companies Act 2013, NBFCs are no longer required to create and maintain DRR. Accordingly, the Company has not created incremental DRR on existing public issue of debentures, post the said amendment, though the Company continues to maintain the DRR created earlier till the maturity of these debentures.

**(e) Deemed capital contribution - Equity**

This reserve relates to share options granted to eligible employees of the Company by the parent company under its employee share option plan.

**(f) Retained Earnings**

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



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>31 Interest Income (at amortised cost)</b>		
Interest on Loans	1,262.46	1,502.29
Interest income on securities held for trading	15.19	6.17
Interest on deposits with bank	6.29	10.79
Other interest income	0.01	0.00
Other interest income on direct assignment	67.24	41.30
	<u>1,351.19</u>	<u>1,560.55</u>
<b>32 Fee and commission income</b>		
Fee and commission income	31.40	15.72
	<u>31.40</u>	<u>15.72</u>
<b>33 Net gain/loss on fair value changes</b>		
On trading portfolio		
Profit / (loss) on trading of securities (FVTPL)	(9.26)	158.94
Profit on sale of mutual fund units (FVTPL)	-	3.26
Gain / (loss) on Security Receipts / AIF	(86.34)	-
	<u>(95.60)</u>	<u>162.20</u>
<b>34 Other income</b>		
Other non operating income	10.22	35.33
	<u>10.22</u>	<u>35.33</u>



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>35 Finance costs (at amortised cost)</b>		
Interest on borrowings	218.77	352.25
Interest on debt securities	215.21	255.19
Interest on subordinated liabilities	205.42	205.12
Other interest expense (including bank charges)	6.52	3.41
Interest on lease liabilities	1.93	11.34
	<u>647.86</u>	<u>827.31</u>
<b>36 Impairment on financial instruments</b>		
Loss on sale of loan assets sold to assets reconstruction company (trust)	89.62	35.89
Bad- debts and advances written off	7.81	(9.08)
Provision for expected credit loss (at amortised cost) (including on loan commitments)	(286.91)	(144.31)
	<u>(189.48)</u>	<u>(117.50)</u>
<b>37 Employee benefit expenses</b>		
Salaries and wages	211.17	197.23
Contribution to provident and other funds	11.30	7.80
Gratuity expense (refer note 43)	2.55	1.99
Share based payments to employees (Refer note below)	2.34	2.96
Staff welfare expenses	8.97	5.74
	<u>236.33</u>	<u>215.72</u>

**Note:**

Edelweiss Financial Services Limited ("EFSL") the ultimate holding Company has granted an Employee stock option plan (ESOP)/ Stock Appreciation Rights (ESAR) 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 /rights . Company has accepted such cross charge and recognised the same under the employee cost.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>38 Other expenses</b>		
Advertisement and business promotion	18.59	280.05
Commission and brokerage	3.02	4.46
Communication	0.26	2.91
Directors' sitting fees	1.06	0.48
Legal and professional fees	76.06	63.14
Printing and stationery	0.73	0.77
Rent, Rates and taxes (net of recovery)	20.82	(2.84)
Repairs and maintenance	5.39	1.18
Computer expenses	7.79	8.40
Corporate social responsibility (refer note 4.5)	4.50	7.00
Rating support fees	-	0.06
Office expenses	25.49	11.50
Postage and courier	0.12	1.06
Goods & Service tax expenses	42.99	41.88
Stamp duty	2.10	1.34
Auditors' remuneration (refer note 38.1)	2.33	3.41
Travelling and conveyance	6.69	3.34
Warehousing charges	0.04	-
Miscellaneous expenses	2.97	131.44
	<u>220.93</u>	<u>559.58</u>
<b>38.1 Auditors' remuneration</b>		
As an Auditor		
Statutory Audit	0.65	0.96
Limited Review	1.05	1.35
Certification	0.56	1.08
Towards reimbursement of expenses	0.07	0.02
	<u>2.33</u>	<u>3.41</u>
<b>38.2 Details of CSR Expenditure:</b>		
As per the provisions of Section 135 of Companies Act 2013		
(a) Amount required to be spent by the company during the year	4.50	7.00
(b) Amount of expenditure incurred	4.50	7.00
Amount spent (paid in cash)	-	-
(i) Construction/ Acquisition of any assets	-	-
(ii) For purpose other than (i) above	4.50	7.00
Amount to be spent (yet to be paid in cash)	-	-
(i) Construction/ Acquisition of any assets	-	-
(ii) For purpose other than (i) above	-	-
(c) Shortfall at the end of the year	-	-
(d) Total of previous years shortfall	-	-
(e) Reason for shortfall	Not Applicable	Not Applicable
(f) Details of related party transactions	-	-
Name of Related Party	Edelgive Foundation	Edelgive Foundation
Relationship	Fellow Subsidiary	Fellow Subsidiary
(g) Where a provision is made with respect to a liability incurred by entering into a contractual obligation	-	-
(h) Nature of CSR activities		
For the year ended March, 31 2023		
For the causes of Education and Community Resilience and Climate Action (CRCA).		
For the year ended March, 31 2022		
Education Working to enhance child learning through work with system and community and support to the development of contextual literature for children		



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency: Indian rupees in million)

39 Income tax

39.1. The components of income tax expense:

	For the period ended March 31, 2023	For the period ended March 31, 2022
Current tax	12.63	29.52
Short/(excess) provision for earlier years	-	(5.79)
Deferred tax	80.52	45.59
<b>Total tax charge</b>	<b>93.15</b>	<b>69.32</b>
Current tax	12.63	23.73
Deferred tax	80.52	45.59

39.2 Reconciliation of total tax charge

	For the period ended March 31, 2023	For the period ended March 31, 2022
Accounting profit before tax as per financial statements	371.01	254.01
Tax rate (in percentage)	25.17%	25.17%
Income tax expense calculated based on this tax rate	93.38	63.93
Short/(excess) provision for earlier years	-	(5.79)
Effect of non-deductible expenses:		
Others	(0.23)	11.18
<b>Tax charge for the year recorded in P&amp;L</b>	<b>93.15</b>	<b>69.32</b>
<b>Effective tax rate</b>	<b>25.11%</b>	<b>27.29%</b>



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

39 Income tax

39.3. Movement of Deferred Tax assets / liabilities

	Deferred tax asset / (liability) (Opening)	In profit or loss	In OCI	Directly in equity	Total movement	Deferred tax asset / (liability) (Closing)
<b>For the year ended March 31, 2023</b>						
<b>Deferred taxes in relation to:</b>						
<b>Deferred Tax Assets</b>						
Provision for expected credit loss	121.51	(70.08)	-	-	(70.08)	51.43
Retirement Benefits	0.65	(4.86)	-	-	(4.86)	(4.21)
Difference between book and tax WDV (including intangibles)	10.03	(4.99)	-	-	(4.99)	5.04
Lease liability	4.06	2.39	-	-	2.39	6.45
Others	8.67	12.46	-	-	12.46	21.13
Effective interest rate on financial assets	0.23	(1.58)	-	-	(1.58)	(1.35)
<b>Deferred Tax Liabilities</b>						
Stage 3 Income recognition	-	-	-	-	-	-
Interest spread on assignment transactions	(13.44)	(12.13)	-	-	(12.13)	(25.57)
Effective interest rate on financial	(11.37)	1.01	-	-	1.01	(10.36)
Right-of-use Asset (ROU)	(3.28)	(2.74)	-	-	(2.74)	(6.02)
<b>Total</b>	<b>117.06</b>	<b>(80.52)</b>	<b>-</b>	<b>-</b>	<b>(80.52)</b>	<b>36.54</b>
<b>For the year ended March 31, 2022</b>						
<b>Deferred taxes in relation to:</b>						
<b>Deferred Tax Assets</b>						
Provision for expected credit loss	149.92	(28.41)	-	-	(28.41)	121.51
Retirement Benefits	9.75	(9.10)	-	-	(9.10)	0.65
Difference between book and tax WDV (including intangibles)	9.97	0.06	-	-	0.06	10.03
Lease liability	27.91	(23.85)	-	-	(23.85)	4.06
Others	20.17	(11.50)	-	-	(11.50)	8.67
Effective interest rate on financial assets	(1.06)	1.29	-	-	1.29	0.23
<b>Deferred Tax Liabilities</b>						
Effective interest rate on financial assets	-	-	-	-	-	-
Stage 3 Income recognition	(0.24)	0.24	-	-	0.24	-
Interest spread on assignment transactions	(13.74)	0.30	-	-	0.30	(13.44)
Effective interest rate on financial	(14.35)	2.98	-	-	2.98	(11.37)
Right-of-use Asset (ROU)	(25.69)	22.41	-	-	22.41	(3.28)
<b>Total</b>	<b>162.64</b>	<b>(45.58)</b>	<b>-</b>	<b>-</b>	<b>(45.58)</b>	<b>117.06</b>



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency: Indian rupees in millions)

40 Cash Flow Disclosure

Change in Liabilities arising from financing activities

Particulars	As at April 01, 2022	Cash Flows	Changes in Fair value	Others*	As at March 31, 2023
Debt Securities	2,804.43	(1,872.58)	-	(41.97)	889.88
Borrowings other than Debt Securities	1,774.29	(1,073.12)	-	4.42	705.60
Subordinated Liabilities	2,153.18	-	-	37.42	2,190.60
Securitization liability	284.11	(284.11)	-	813.50	813.50
	<b>7,016.01</b>	<b>(3,229.81)</b>	-	<b>813.37</b>	<b>4,599.57</b>

Particulars	As at April 01, 2021	Cash Flows	Changes in Fair value	Others*	As at March 31, 2022
Debt Securities	2,923.81	(100.01)	-	(19.37)	2,804.43
Borrowings other than Debt Securities	4,502.60	(2,720.40)	-	(7.91)	1,774.29
Subordinated Liabilities	2,119.04	0.01	-	34.13	2,153.18
Securitization liability	-	-	-	284.11	284.11
	<b>9,545.45</b>	<b>(2,820.40)</b>	-	<b>290.96</b>	<b>7,016.01</b>

\*Includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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41. 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 period.

	For the year ended March 31, 2023	For the year ended March 31, 2022
Net Profit attributable to Equity holders of the Company - A	277.86	184.69
Weighted average Number of Shares		
- Number of equity shares outstanding at the beginning of the year	42.95	42.95
- Number of equity shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	42.95	42.95
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) - B	42.95	42.95
Nominal value of equity shares	10.00	10.00
Basic and diluted earnings per share (in rupees) (A/B)	6.47	4.30

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at the year end.

42. Contingent Liability and Commitment:

(a) Contingent Liability

	As at March 31, 2023	As at March 31, 2022
Taxation matters	0.57	0.57
Litigation pending against the company	Nil	Nil

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company 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 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.

(b) Commitment:

	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account	-	16.95
Loan sanctioned pending disbursements	116.04	55.59
AIF Fund pending commitments	65.97	127.31



43. Retirement and other employee benefits

(a) Defined contribution plan - Provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the Company contributes an equal amount.

The Company recognised as of March 31, 2023 Rs. "10.03" millions (March 31, 2022 : Rs 8.98 millions) for provident fund 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 defined benefit plan 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 gratuity benefit is partially provided through funded plan and annual expense is charged to the statement of profit and loss on the basis of actuarial valuation.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation (DBO) 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:

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligations (A)	9.09	8.71
Fair Value of plan assets (B)	-	-
Present value of defined benefit obligations (A-B)	9.09	8.71
Net deficit / (assets) are analysed as:		
Liabilities	9.09	8.71
Assets	-	-

Movement in net defined benefit (asset) liability:

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(i) Present value of defined benefit obligations (opening)	8.71	8.01	-	-	8.71	8.01
Current service cost	2.06	1.60	-	-	2.06	1.60
Past service cost	-	-	-	-	-	-
Interest cost	0.50	0.39	-	-	0.50	0.39
	11.26	10.00	-	-	11.26	10.00
(ii) Other comprehensive Income						
Remeasurement Actuarial loss (gain) arising from :						
Experience	(0.20)	(0.08)	-	-	(0.20)	(0.08)
Financial assumptions	(0.68)	(0.32)	-	-	(0.68)	(0.32)
Expected return from plan assets	-	0.79	-	-	-	0.79
	(0.88)	0.39	-	-	(0.88)	0.39
(iii) Others						
Transfer In/ (Out)	(0.28)	(0.20)	-	-	(0.28)	(0.20)
Contributions by Employer	-	-	-	-	-	-
Benefits paid	(1.01)	(1.48)	-	-	(1.01)	(1.48)
	(1.29)	(1.68)	-	-	(1.29)	(1.68)
(iv) Closing Balance (i) + (ii) + (iii)	9.09	8.71	-	-	9.09	8.71
Represented by						
Net defined benefit asset					-	-
Net defined benefit liability					9.09	8.71



Components of defined benefit plan cost:

	For the year ended	For the year ended
	March 31, 2023	March 31, 2022
(i) Recognised in Statement of profit or loss		
Current service cost	2.06	1.60
Interest cost	0.50	0.39
Expected return on plan assets	-	-
Past service cost	-	-
	<u>2.55</u>	<u>1.99</u>
(ii) Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	(0.88)	0.39
Return on plan assets excluding net interest	-	-
	<u>(0.88)</u>	<u>0.39</u>
<b>Total (i) + (ii)</b>	<b>1.67</b>	<b>2.38</b>

Actuarial assumptions:

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

	As at	As at
	March 31, 2023	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%
Expected return on plan Assets (p.a)	NA	NA
Mortality Rate	IALM 2012-14(Ultimate)	IALM 2012-14(Ultimate)
Expected weighted average remainin working lives of employees	4 Years	4 Years

Sensitivity analysis:

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	0.56	(0.52)	0.57	(0.53)
Discount Rate (+/- 1%)	(0.51)	0.56	(0.53)	0.59
Withdrawal Rate (+/- 1%)	0.00	(0.00)	(0.03)	0.03
Mortality (increase in expected lifetime by 1 year)	-	-	-	0.00
Mortality (increase in expected lifetime by 3 year)	-	-	-	0.00

The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous period to the methods and assumptions underlying the sensitivity analysis.

Asset liability comparisons:

	As at	As at
	March 31, 2023	March 31, 2022
Present value of DBO	9.09	8.71
Fair Value of Plan assets	-	-
Net (Assets)/Liability	9.09	8.71

(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.



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Notes to the financial statements for year ended March 31, 2023 (Continued)  
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44. Maturity Analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for contractual maturity analysis.

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	267.13	-	267.13	166.41	-	166.41
Bank balances other than cash and cash equivalents	119.37	-	119.37	139.57	-	139.57
Securities held for trading	178.13	-	178.13	50.29	-	50.29
Trade receivables	35.21	-	35.21	19.64	-	19.64
Loans	2,797.17	2,646.50	5,443.67	6,495.39	3,741.03	10,236.43
Investments	-	3,115.40	3,115.40	-	1,540.98	1,540.98
Other financial assets	811.74	14.45	826.19	4.53	34.43	38.96
<b>Non-financial assets</b>						
Current tax assets (net)	-	72.53	72.53	-	63.96	63.96
Deferred tax assets (net)	-	36.54	36.54	-	117.06	117.06
Property, Plant and Equipment	-	26.49	26.49	-	17.50	17.50
Intangible assets under development	-	0.00	0.00	-	92.94	92.94
Other Intangible assets	-	112.26	112.26	-	0.77	0.77
Other non-financial assets	13.73	98.58	112.31	47.51	110.60	158.11
<b>Total Assets</b>	<b>4,222.48</b>	<b>6,122.75</b>	<b>10,345.23</b>	<b>6,923.34</b>	<b>5,719.28</b>	<b>12,642.62</b>
<b>Financial Liabilities</b>						
Trade payables	57.27	-	57.27	54.37	-0.31	54.06
Debt securities	7.45	882.42	889.88	1,928.83	875.60	2,804.43
Borrowings (other than debt securities)	589.35	116.25	705.60	1,774.29	0.00	1,774.29
Subordinated Liabilities	73.77	2,116.83	2,190.60	73.75	2,079.43	2,153.18
Other financial liabilities	578.42	443.50	1,021.92	637.37	36.59	673.97
<b>Non-financial liabilities</b>						
Current tax liabilities (net)	59.17	-	59.17	44.02	-	44.02
Provisions	12.95	-	12.95	11.24	0.14	11.38
Other non-financial liabilities	41.34	-	41.34	40.05	-0.05	40.00
<b>Total Liabilities</b>	<b>1,419.72</b>	<b>3,559.01</b>	<b>4,978.72</b>	<b>4,563.92</b>	<b>2,991.41</b>	<b>7,555.33</b>
<b>Net</b>	<b>2,802.76</b>	<b>2,563.74</b>	<b>5,366.51</b>	<b>2,359.43</b>	<b>2,727.87</b>	<b>5,087.29</b>



**Edelweiss Retail Finance Limited**

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

(Currency :Indian rupees in millions)

**45. Segment reporting**

The Company is registered with Reserve Bank of India as a Non Banking Financial Company engaged in the business of lending and financing . All other activities of the company revolve around the main business. Accordingly, there is no separate reportable segment and hence no disclosure is made under Ind AS 108 - 'Operating Segment Reporting'. Further, segmentation based on geography has not been presented as the Company operates only in India.

**46. Related Party Disclosures**

**(i) List of related parties and relationship:**

Name of related parties by whom control is exercised	Edelweiss Financial Services Limited Ultimate holding Company Edelcap Securities Limited (Holding company)	
Fellow Subsidiaries (with whom transactions have taken place)	ECL Finance Limited Edel Finance Company Limited Edelweiss Investments Limited Ecap Equities Limited (Formerly known as Edel Land Limited) EdelGive Foundation Edelweiss Asset Management Limited Edelweiss Asset Reconstruction Company Limited Zuno General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited) Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited) Edelweiss Rural & Corporate Services Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Value And Growth Fund Edelweiss Private Equity Tech fund India Credit Investment Fund II	
Fellow Associates (From March 26, 2021 to 29th March, 2023))	Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)  Nuvama Capital Services (IFSC) Limited (formerly Edelweiss Securities (IFSC) Limited) Nuvama Wealth Finance Limited (Formerly known as Edelweiss Finance & Investments Limited) Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	
Key Management Personnel	Ms. Shilpa Gattani (wef Feb 6, 2020) Mr. Phanindranath Kakarla (wef Sep 15, 2020) Mr. Mehernosh Tata (wef July 3, 2020 upto 31st December, 2022) Mr. Deepak Mundra (wef Sep 15, 2020 upto Oct 13, 2021) Mr. Jignesh Gaglani (upto Sep 29, 2022) Mr.Hitesh Bhadada (wef July 26, 2022) Mr.Manoj Agarwal (wef Feb 1, 2023) Ms.Inara Wadhvaniya (wef Feb 1, 2023)	Non Executive Director Non Executive Director Chief Executive Officer Non Executive Director Company Secretary Chief Financial Officer Manager Company Secretary
Independent Director	Dr. Vinod Juneja (wef May 15, 2021) Mr. Sunil Phatarphekar (wef Apr 12, 2020)	Additional Director Independent Director

**(ii) Transactions with related parties :**

Nature of Transaction	Related Party Name	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Capital Account Transactions:</b>			
Loans taken from	<i>Maximum transaction during the year</i>		
	Edelweiss Rural & Corporate Services Limited	1,750.00	960.00
	ECL Finance Limited	650.00	790.00
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	2,500.00
	Ecap Equities Limited(Formerly known as Edel Land Limited)	400.00	-
	<i>Volume of transactions during the year</i>		
	Edelweiss Rural & Corporate Services Limited	1,750.00	1,740.00
	ECL Finance Limited	1,890.00	879.16
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	6,500.00
	Ecap Equities Limited(Formerly known as Edel Land Limited)	550.00	-



46. Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2023	For the year ended March 31, 2022
Loans repaid to	<i>Maximum transaction during the year</i>		
	Edelweiss Rural & Corporate Services Limited	1,750.00	960.00
	ECL Finance Limited	1,290.00	790.00
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	2,500.00
	Ecap Equities Limited(Formerly known as Edel Land Limited)	550.00	-
	<i>Volume of transactions during the year</i>		
	Edelweiss Rural & Corporate Services Limited	1,750.00	1,740.00
	ECL Finance Limited	1,890.00	879.16
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	6,500.00
	Ecap Equities Limited(Formerly known as Edel Land Limited)	550.00	-
Loans given to	<i>Maximum transaction during the year</i>		
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	250.00
	ECL Finance Limited	150.00	2,000.00
	Edelweiss Rural & Corporate Services Limited	250.00	2,640.00
	Ecap Equities Limited(Formerly known as Edel Land Limited)	970.00	-
	ECAP Securities and Investments Limited(formerly Ecap Equities)	450.00	-
	<i>Volume of transactions during the year</i>		
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	250.00
	ECL Finance Limited	260.00	7,640.00
	Edelweiss Rural & Corporate Services Limited	250.00	11,530.00
Ecap Equities Limited(Formerly known as Edel Land Limited)	1,270.00	-	
ECAP Securities and Investments Limited(formerly Ecap Equities)	450.00	-	
Loans repaid by	<i>Maximum transaction during the year</i>		
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	130.00
	ECL Finance Limited	150.00	2,710.00
	Edelweiss Rural & Corporate Services Limited	1,000.00	1,750.00
	Ecap Equities Limited(Formerly known as Edel Land Limited)	470.00	-
	ECAP Securities and Investments Limited(formerly Ecap Equities)	450.00	-
	<i>Volume of transactions during the year</i>		
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	250.00
	ECL Finance Limited	340.00	9,560.00
	Edelweiss Rural & Corporate Services Limited	3,720.00	8,060.00
Ecap Equities Limited(Formerly known as Edel Land Limited)	970.00	-	
ECAP Securities and Investments Limited(formerly Ecap Equities)	450.00	-	
Loan portfolio sold under direct assignment	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	282.82
	ECL Finance Limited	811.61	-
Securities Purchase	Edelweiss Rural & Corporate Services Limited	1,671.49	-
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	378.65
	Ecap Equities Limited(Formerly known as Edel Land Limited)	634.95	-
Redemption of Non convertible debenture held by	ECL Finance Limited	12.51	-
	Edelweiss Rural & Corporate Services Limited	7.66	-
Redemption of Non convertible debenture held in (Face value)	ECL Finance Limited	14.75	11.04
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	0.13
Loan sale to ARC	Edelweiss Asset Reconstruction Company Limited (EARC Trusts)	-	178.86
Investment in Security Receipt issued by	Edelweiss Asset Reconstruction Company Limited	-	152.07
	EARC Trust SC 416	-	-
	ECL Finance Limited	4,166.40	-
Non convertible debentures purchased from	Edel Finance Company Limited	140.00	-
Sale of Security Receipts	EARC Trust - SC 385	61.63	-
	EARC Trust - SC 416	52.65	-
	EARC Trust - SC 417	111.46	-
	India Credit Investment Fund II	4,252.20	-
Sale of securities	Nuvama Wealth Finance Limited (Formerly known as Edelweiss Finance & Investments Limited) (Associate till 29th March, 2023)	5.69	-
	ECL Finance Limited	178.13	-



## 46. Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current Account Transactions:</b>			
Shared premises cost received from (net)	ECL Finance Limited	-	0.90
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	2.50	8.66
	Zuno General Insurance Limited (formerly known as Edelweiss General Insurance Company Limited)	-	0.90
	Edelweiss Asset Management Limited	0.01	0.18
	Edelweiss Rural & Corporate Services Limited	-	0.10
Interest income on loan to	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	2.08
	ECL Finance Limited	2.43	108.30
	Edelweiss Rural & Corporate Services Limited	145.97	191.35
	Ecap Equities Limited(Formerly known as Edel Land Limited)	20.72	-
	ECAP Securities and Investments Limited(formerly Ecap Equities)	10.97	-
Interest Income on Non convertible Debentures	ECL Finance Limited	3.71	5.36
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	0.51	0.81
	Edel Finance Company Limited	10.85	-
Service charges received	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	0.74	1.49
Reimbursement of ARC management fee from	Edelweiss Financial Services Limited	11.66	29.17
Shared premises cost paid (net)	Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited) (Associate till 29th March, 2023)	-	0.28
	ECL Finance Limited	17.94	-
Cost reimbursement paid to (net)	Edelweiss Financial Services Limited	0.86	0.38
	Edelweiss Rural & Corporate Services Limited	0.30	0.50
	Ecap Equities Limited(Formerly known as Edel Land Limited)	-	0.41
	ECL Finance Limited	0.51	1.29
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	2.60	-
Cost reimbursement received from (net)	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	0.12
	Edelweiss Asset Management Limited	-	0.00
	Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited) (Associate till 29th March, 2023)	-	0.00
	Edel Finance Company Ltd	0.02	-
Management Fees paid to	Edelweiss Asset Reconstruction Company Limited	3.94	19.68
Interest Expense on loan from	Edelweiss Rural & Corporate Services Limited	2.25	4.84
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	19.32
	ECL Finance Limited	24.56	1.29
	Ecap Equities Limited (Formerly known as Edel Land Limited)	0.19	-
Interest Expense on Non convertible debentures	Edelweiss Rural & Corporate Services Limited	1.62	1.64
	Edelweiss Finance & Investments Limited	-	0.00
	Edel Finance Company Limited	6.88	6.94
	ECL Finance Limited	1.53	1.56
	Ecap Equities Limited(Formerly known as Edel Land Limited)	0.72	-
Interest Expenses on Sub-debt	Edelweiss Tokio Life Insurance Company Limited	33.87	30.46
Brokerage paid	Nuvama Capital Services (IFSC) Limited (formerly Edelweiss Securities (IFSC) Limited)	-	0.03
	Edelweiss Investment Limited	0.01	0.01
Enterprise Service charge paid to	Edelweiss Rural & Corporate Services Limited	0.76	0.63



46. Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2023	For the year ended March 31, 2022
Advisory fees paid to	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	4.30
Guarantee fee paid	Ecap Equities Limited(Formerly known as Edel Land Limited) Edelweiss Rural & Corporate Services Limited	- 0.00	0.00 0.00
Service Fee paid to	ECL Finance Limited	0.46	-
Risk & Reward Fees on Security Receipt sale paid	Edelweiss Financial Services Limited	-	0.86
CSR Expenses Paid to	EdelGive Foundation	4.50	7.00
ESOP cost reimbursement	Edelweiss Financial Services Limited	2.34	2.96
Rating support fees paid to	Edelweiss Rural & Corporate Services Limited	-	0.06
Director Sitting fees	Mr. Vinod Juneja Mr. Sunil Phatarphekar	0.60 0.44	0.26 0.22
Remuneration paid to	Mr. Jignesh Gaglani Mr. Amit Pandey Mr. Mchermosh Tata Mr. Shailendra Dhupiya Hitesh Bhadada Manoj Agarwal Inara Wadhvaniya	0.79 - 17.70 - 2.57 2.01 0.12	1.26 0.13 20.23 4.81 - - -
Sale of Property, Plant and Equipment	ECL Finance Limited Edelweiss Broking Limited Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited) Edelweiss Rural & Corporate Services Limited	- - 0.13 0.01	0.00 0.00 0.30 -
Purchase of Property, plant and equipment	Edelweiss Rural & Corporate Services Limited ECL Finance Limited	- -	0.02 0.02
Nature of Transaction	Related Party Name	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Balances with related parties:</b>			
Interest accrued on loans taken from	Ecap Equities Limited(Formerly known as Edel Land Limited)	0.17	-
Loans given to	ECL Finance Limited Edelweiss Rural & Corporate Services Limited Ecap Equities Limited(Formerly known as Edel Land Limited)	- - 300.00	80.00 3,470.00 -



46. Related Party Disclosures

Nature of Transaction	Related Party Name	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest accrued on loan given to	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	1.87
	ECL Finance Limited	0.00	32.69
	Edelweiss Rural & Corporate Services Limited	0.00	20.88
	Ecap Equities Limited(Formerly known as Edel Land Limited)	0.33	-
	ECAP Securities and Investments Limited(formerly Ecap Equities)	2.37	-
Non convertible debentures (at face value) held by	Edelweiss Rural & Corporate Services Limited	10.31	17.92
	Nuvama Wealth Finance Limited(Formerly known as Edelweiss Finance & Investments Limited) (Associate till 29th March, 2023)	-	0.13
	ECL Finance Limited	4.93	17.44
	Ecap Equities Limited(Formerly known as Edel Land Limited)	17.73	-
Subordinated debenture (Face Value) held by	Edelweiss Tokio Life Insurance Company Limited	140.00	140.00
Perpetual debenture (Face Value) held by	Edel Finance Company Limited	71.00	71.00
Non convertible debentures (Face Value) held in	ECL Finance Limited	21.62	36.37
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	1.80	7.47
	Edel Finance Company Limited	140.00	-
Interest accrued on Perpetual debentures held by	Edel Finance Company Limited	1.84	-
Interest accrued on Subordinated debentures held by	Edelweiss Tokio Life Insurance Company Limited	189.70	155.34
Interest accrued on Non convertible debentures held by	Edelweiss Rural & Corporate Services Limited	0.03	0.04
	ECL Finance Limited	0.34	0.07
	Nuvama Wealth Finance Limited(Formerly known as Edelweiss Finance & Investments Limited) (Associate till 29th March, 2023)	-	0.00
	Edel Finance Company Limited	-	1.86
	Ecap Equities Limited(Formerly known as Edel Land Limited)	0.38	-
Interest accrued on Non convertible debentures held in	ECL Finance Limited	0.97	1.24
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	0.13	0.52
	Edel Finance Company Limited	10.85	-
Trade Payables	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	0.99	3.70
	Edelweiss Financial Services Limited	0.11	0.90
	Edelweiss Rural & Corporate Services Limited	-	0.53
	ECL Finance Limited	2.40	5.50
	Nuvama Capital Services (IFSC) Limited (formerly Edelweiss Securities (IFSC) Limited) (Associate till 29th March, 2023)	-	0.02
	Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited) (Associate till 29th March, 2023)	-	0.13
	Ecap Equities Limited(Formerly known as Edel Land Limited)	-	0.02
	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited) (Associate till 29th March, 2023)	-	0.73
	Edelweiss Asset Reconstruction Company Limited	0.08	-
	ESOP cost payable to	Edelweiss Financial Services Limited	0.33
Trade Receivables	ECL Finance Limited	0.22	6.34
	Edelweiss Rural & Corporate Services Limited	0.09	-
	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	0.25	6.22
	Edelweiss Financial Services Limited	23.14	7.29
	Edelweiss Asset Management Limited	-	0.01
Other Receivable	Edelweiss Rural & Corporate Services Limited	-	0.19
Other Payable	Nido Home Finance Limited (Formerly known as Edelweiss Housing Finance Limited)	-	0.08
	ECL Finance Limited	-	0.31



46. Related Party Disclosures

Nature of Transaction	Related Party Name	As at	As at
		March 31, 2023	March 31, 2022
Margin receivable	Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited) (Associate till 29th March, 2023)	-	0.47
	Nuvama Capital Services (IFSC) Limited (formerly Edelweiss Securities (IFSC) Limited) (Associate till 29th March, 2023)	-	20.50
Investment in Security Receipts issued by	Edelweiss Asset Reconstruction Company Limited		
	EARC Trust SC 373	42.05	97.34
	EARC Trust SC 385	114.45	180.88
	EARC Trust SC 416	97.79	150.44
	EARC Trust SC 374	30.47	-
	EARC Trust SC 378	10.74	-
Investment in Securities	EARC Trust SC 417	206.99	-
	Edelweiss Private Equity Tech Fund	277.36	-
Corporate Guarantee taken from	Edelweiss Value & Growth Fund	357.60	-
	Ecap Equities Limited (Formerly known as Edel Land Limited)	-	31.57
Risk & Rewards sharing arrangement	Edelweiss Rural & Corporate Services Limited	-	32.49
	Edelweiss Financial Services Limited	702.32	1,102.83

Notes:

- 1 As part of fund based activities, intergroup company loans and advances are voluminous in nature and carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 – Related Party Disclosures, maximum amount of loans given and repaid along with the transaction volume are disclosed above. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.
- 2 Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment, bonus and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.
- 3 The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended March 31, 2023 and March 31, 2022.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency :Indian rupees in millions)

47. Leases

	For the year ended March 31, 2023	For the year ended March 31, 2022
47.1. Set out below are the carrying amounts of right-of-use assets recognised and the movements		
Balance as at April 1	13.05	102.15
Addition	19.53	37.34
Lease pre-closure	(0.46)	(98.42)
Amortisation for the year	(8.20)	(28.02)
Balance as at March 31	23.92	13.05
47.2. Set out below are the carrying amounts of lease liabilities and the movements		
Balance as at April 1	16.12	110.88
Additions/ reversal (net)	18.69	26.11
Interest on lease liabilities	1.93	11.34
Lease pre-closure	(1.50)	(105.64)
Repayment of lease obligation	(9.62)	(26.58)
Balance as at March 31	25.62	16.12
47.3. Amounts recognised in profit or loss:		
Depreciation expense of right-of-use assets	8.20	28.02
Interest expense on lease liabilities	1.93	11.34
Reversal of lease pre-closure	(1.04)	(7.22)
Total	9.09	32.14
47.4. Total cash outflow for leases:		
Cash outflow of long term leases	9.62	27.61
Cash outflow of short term leases	0.23	0.07
Total	9.85	27.67
47.5. Details regarding the contractual maturities of lease liabilities, on an undiscounted basis	As at March 31, 2023	As at March 31, 2022
Less than 1 year	7.31	7.21
1-3 years	14.61	6.42
3-5 years	3.70	2.49
Total	25.62	16.12

48. Cost sharing

Edelweiss Financial Services Limited, being the ultimate holding Company along with fellow subsidiaries incurs expenditure like common senior management compensation cost, Group mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other Companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 37 and 38 include reimbursements (received)/ paid and are net of reimbursements paid/(received). Based on the management's best estimate Rs. 19.67 million is received during the year (Previous year Rs. (8.02) million).



**49. Risk Management**

**(a) Introduction and risk profile**

The Company's overall objective is to manage its business, 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 follows following for effective risk management:

- 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 ensure improvement through efforts to enhance controls, ongoing employee training and development and other measures.

**(b) Risk Management Structure**

The Company has a 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 Company has also established a Risk Committee that is responsible for managing the risk arising out of various business activities.

Company's risk management policy ensures that the margin requirements are able to withstand market volatility and scenarios of sharply declining prices. The Company centralises the risk monitoring systems to monitor its 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. Company's key business processes are regularly monitored by the business and/or operation heads. Company's loan approval and administration procedures, collection and enforcement procedures are designed to minimise delinquencies and maximise recoveries.

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

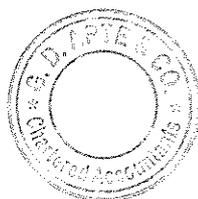
It is the Company's policy that a regular briefing is given to the Board of Directors and all other relevant stakeholder on the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

It is the Company's policy to ensure that 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, that they decide to take on. 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 its 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:

Risk	Exposure Arising from	Measurement	Management of risk
Credit Risk	Cash equivalents, trade receivables, financial assets measured at amortised cost.	Aging Analysis, Credit Ratings	Credit limits and regular monitoring.
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of surplus cash, committed credit lines and borrowing facilities
Market Risk	Investments in Government Securities, Treasury Bills, Equity Shares, Futures & Options	Cash flow forecasting Sensitivity analysis	Regular monitoring to keep the exposure at an acceptable level, with option of taking Interest Rate Swaps/Futures if deemed necessary.



49.1. 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 loans and trade receivables. The Company has 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 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.

(a) **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 I
Standard grade	31 to 90 dpd*	Stage II
<b>Credit Impaired</b>		
Individually impaired	NPA*	Stage III

\*Excluding non performing asset (NPA)

\*\*Represent loan assets classified as NPA as per the extant RBI guidelines

(b) **Expected Credit Loss**

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:

- An unbiased and probability weighted amount that evaluates a range of possible outcomes
- 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;
- 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.

(c) **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 or classified as non performing asset (NPA) as per RBI guidelines. 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.



(d) **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.

(e) **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. 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 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.

(f) **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

(g) **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. 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 involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

(h) **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 various research database like RBI database, Economic Intelligence Unit (EIU), Bloomberg, World Bank, Citi research etc. 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.

(i) **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, considering 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 years.



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Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

49.1. Credit Risk

49.1.1. Analysis of risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. Additional disclosures for credit quality and the maximum exposure for credit risk per categories based on the Company's internal credit assessment system and year-end stage classification are further disclosed in Note 12.

Industry analysis

As at March 31, 2023	Financial services	Retail	Construction	Wholesale	Total
<b>Financial assets</b>					
Cash and cash equivalent and other bank balances	386.50	-	-	-	386.50
Securities held for trading	178.13	-	-	-	178.13
Trade receivables	35.21	-	-	-	35.21
Loans	-	3,647.33	-	1,796.34	5,443.67
Investments	2,331.79	783.61	-	-	3,115.40
Other financial assets	576.08	250.11	-	-	826.19
	<u>3,507.70</u>	<u>4,681.05</u>	<u>-</u>	<u>1,796.34</u>	<u>9,985.10</u>
Loan Commitments	-	116.04	-	-	116.04
<b>Total</b>	<b>3,507.70</b>	<b>4,797.10</b>	<b>-</b>	<b>1,796.34</b>	<b>10,101.14</b>

As at March 31, 2022	Financial services	Retail	Construction	Wholesale	Total
<b>Financial assets</b>					
Cash and cash equivalent and other bank balances	305.87	-	-	-	305.87
Securities held for trading	50.29	-	-	-	50.29
Trade receivables	19.64	-	-	-	19.64
Loans	4,078.68	4,781.22	244.14	1,132.38	10,236.43
Investments	300.76	1,140.77	-	99.45	1,540.98
Other non financial assets	38.96	-	-	-	38.96
	<u>4,794.20</u>	<u>5,921.99</u>	<u>244.14</u>	<u>1,231.83</u>	<u>12,192.17</u>
Loan Commitments	-	55.59	-	-	55.59
<b>Total</b>	<b>4,794.20</b>	<b>5,977.58</b>	<b>244.14</b>	<b>1,231.83</b>	<b>12,247.76</b>



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Notes to the financial statements for year ended March 31, 2023 (Continued)  
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49.1. Credit Risk

49.1.2. Collateral held and other credit enhancements

- (a) The tables on the following pages show the maximum exposure to credit risk by class of financial asset along with details of principal type of collateral:

	Maximum exposure to credit risk (carrying amount before ECL)		Principal type of collateral
	As at March 31, 2023	As at March 31, 2022	
<b>Financial assets</b>			
Loans (at amortised cost)			
(i) Retail loans	3,160.88	4,305.45	Property
(ii) Wholesale loans	-	1,722.59	Property
<b>Total (A)</b>	<b>3,160.88</b>	<b>6,028.04</b>	
Loan commitments	110.78	53.52	Property
<b>Total (B)</b>	<b>110.78</b>	<b>53.52</b>	
<b>Total (A + B)</b>	<b>3,271.66</b>	<b>6,081.56</b>	

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

As at March 31, 2023

	Maximum exposure to credit risk (carrying amount before ECL)	Associated ECL	Carrying amount	Fair value of collateral
<b>Financial assets</b>				
Loans (at amortised cost)				
(i) Retail loans	146.23	27.02	119.21	180.36
(ii) Wholesale loans	-	-	-	-
<b>Total (A)</b>	<b>146.23</b>	<b>27.02</b>	<b>119.21</b>	<b>180.36</b>
Loan commitments	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A + B)</b>	<b>146.23</b>	<b>27.02</b>	<b>119.21</b>	<b>180.36</b>

As at March 31, 2022

<b>Financial assets</b>				
Loans (at amortised cost)				
(i) Retail loans	225.20	37.56	187.64	415.57
(ii) Wholesale loans	-	-	-	-
<b>Total (A)</b>	<b>225.20</b>	<b>37.56</b>	<b>187.64</b>	<b>415.57</b>
Loan commitments	-	-	-	-
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A + B)</b>	<b>225.20</b>	<b>37.56</b>	<b>187.64</b>	<b>415.57</b>



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
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**49.1. Credit Risk**

**49.1.3. Overview of modified and forborne loans**

The table below includes assets that were modified and, therefore, treated as forborne during the year, with the related modification gain / (loss) suffered by the Company.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amortised costs of financial assets modified during the year	-	561.23
Net modification gain / (loss)	-	23.49

**49.1.4. Transfer of financial assets**

Transferred financial assets that are not derecognised in their entirety

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

	As at March 31, 2023	As at March 31, 2022
<b>Securitisations</b>		
Carrying amount of transferred assets <i>(held as Collateral)</i>	1,132.73	297.37
Carrying amount of associated liabilities	813.50	315.55
Fair value of assets	1,232.64	277.89
Fair value of associated liabilities	813.50	315.55
Net position at FV	419.14	(37.66)



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
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49.2. 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.

The company has financing arrangement from banks/ financial institutions in form of committed credit lines.

49.2.1. Analysis of non-derivative financial assets and liabilities by remaining contractual maturities

As at March 31, 2023	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
<b>A. Financial Assets</b>											
Cash and cash equivalent and other bank balances	267.13	-	-	95.28	-	2.00	22.09	-	-	-	386.50
Securities held for trading	-	-	-	-	-	24.06	154.07	-	-	-	178.13
Trade receivables	-	-	-	35.21	-	-	-	-	-	-	35.21
Loans	-	49.32	83.77	157.95	1,515.60	684.18	641.46	1,363.54	856.97	2,718.40	8,071.20
Investments	-	-	-	-	-	-	-	-	783.61	2,331.79	3,115.39
Other financial assets	-	-	811.75	-	-	0.09	-	14.35	-	-	826.19
<b>Total undiscounted financial assets</b>	<b>267.13</b>	<b>49.32</b>	<b>895.52</b>	<b>288.44</b>	<b>1,515.60</b>	<b>710.33</b>	<b>817.61</b>	<b>1,377.89</b>	<b>1,640.58</b>	<b>5,050.19</b>	<b>12,612.62</b>
<b>B. Financial Liabilities</b>											
Trade payables	-	-	-	57.27	-	-	-	-	-	-	57.27
Debt securities	-	3.09	-	2.99	3.09	9.10	56.96	410.63	1,032.83	-	1,518.68
Borrowings (other than debt securities)	-	14.87	14.84	14.66	43.46	83.89	435.93	131.04	-	-	738.69
Subordinated financial liabilities	-	-	-	-	-	22.20	154.95	510.40	2,164.30	-	2,851.84
Other financial liabilities	-	-	476.25	13.78	11.45	30.68	46.26	140.68	79.46	223.36	1,021.92
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>17.96</b>	<b>491.09</b>	<b>88.70</b>	<b>58.00</b>	<b>145.87</b>	<b>694.09</b>	<b>1,192.75</b>	<b>3,276.59</b>	<b>223.36</b>	<b>6,188.41</b>
<b>Net financial assets / (liabilities)</b>	<b>267.13</b>	<b>31.37</b>	<b>404.43</b>	<b>199.74</b>	<b>1,457.61</b>	<b>564.46</b>	<b>123.52</b>	<b>185.14</b>	<b>(1,636.01)</b>	<b>4,826.83</b>	<b>6,424.21</b>

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2023 is Nil.

49.2.2. The table below shows the expected maturity of the Company's loan commitments

Undrawn loan commitments	-	-	-	-	116.04	-	-	-	-	-	116.04
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116.04</b>



As at March 31, 2022	On demand	1 to 14 days	15 days to 1 month	1 month to 2 months	2 months to 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	3 years to 5 years	Over 5 years	Total
<b>A. Financial Assets</b>											
Cash and cash equivalent and other bank balances	166.41	-	-	112.36	-	5.15	22.06	-	-	-	305.98
Securities held for trading	-	-	-	13.77	-	4.56	31.96	-	-	-	50.29
Trade receivables	-	-	-	19.64	-	-	-	-	-	-	19.64
Loans	-	997.59	128.20	670.55	358.95	427.87	4,933.33	2,262.87	699.94	3,306.11	13,785.41
Investments	-	-	-	-	-	-	-	-	1,240.22	300.76	1,540.98
Other financial assets	-	-	24.05	-	0.86	0.09	-	13.96	-	-	38.96
<b>Total undiscounted financial assets</b>	<b>166.41</b>	<b>997.59</b>	<b>152.25</b>	<b>816.32</b>	<b>359.81</b>	<b>437.67</b>	<b>4,987.35</b>	<b>2,276.83</b>	<b>1,940.16</b>	<b>3,606.87</b>	<b>15,741.25</b>
<b>B. Financial Liabilities</b>											
Trade payables	-	-	-	54.06	-	-	-	-	-	-	54.06
Other payables	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	4.81	-	4.65	4.81	14.33	2,097.76	163.01	162.37	1,049.26	3,501.00
Borrowings (other than debt securities)	-	-	149.79	29.60	412.82	454.77	805.45	-	-	-	1,852.43
Deposits	-	-	-	-	-	-	-	-	-	-	-
Subordinated financial liabilities	-	-	-	-	-	22.20	148.94	342.28	878.07	1,775.52	3,167.01
Other financial liabilities	-	21.06	366.70	43.63	28.81	66.93	110.24	34.11	2.49	-	673.97
<b>Total undiscounted financial liabilities</b>	<b>-</b>	<b>25.87</b>	<b>516.49</b>	<b>131.95</b>	<b>446.44</b>	<b>558.23</b>	<b>3,162.38</b>	<b>539.40</b>	<b>1,042.94</b>	<b>2,824.78</b>	<b>9,248.47</b>
<b>Net financial assets / (liabilities)</b>	<b>166.41</b>	<b>971.72</b>	<b>(364.24)</b>	<b>684.37</b>	<b>(86.63)</b>	<b>(120.56)</b>	<b>1,824.97</b>	<b>1,737.43</b>	<b>897.22</b>	<b>782.09</b>	<b>6,492.78</b>

Note - The company has financing arrangement from banks/ financial institutions in form of committed credit lines. Undrawn committed credit lines as at March 31, 2022 is Nil.

The table below shows the expected maturity of the Company's loan commitments

Undrawn loan commitments	-	-	-	-	55.59	-	-	-	-	-	55.59
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.59</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55.59</b>



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Notes to the financial statements for year ended March 31, 2023 (Continued)  
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49.2. Liquidity Risk

49.2.3. Financial assets available to support future funding

Following table sets out availability of company's financial assets to support funding

As at March 31, 2023	Pledge as collateral	Encumbered Contractually/ legally restricted assets	Unencumbered Available as collateral	Others	Total carrying amount
Cash and cash equivalent including bank balance	37.01	-	349.49	-	386.50
Securities held for trading	-	-	178.13	-	178.13
Trade receivables	-	-	35.21	-	35.21
Loans	1,775.26	917.12	2,751.29	-	5,443.67
Investments	-	783.61	2,331.79	-	3,115.40
Property, Plant and Equipment	0.37	-	-	-	0.37
Other financial assets	-	0.00	826.19	-	826.19
<b>Total assets</b>	<b>1,812.64</b>	<b>1,700.73</b>	<b>6,472.10</b>	<b>-</b>	<b>9,985.47</b>

As at March 31, 2022	Pledge as collateral	Encumbered Contractually/ legally restricted assets	Unencumbered Available as collateral	Others	Total carrying amount
Cash and cash equivalent including bank balance	37.01	-	268.97	-	305.98
Securities held for trading	-	-	50.29	-	50.29
Trade receivables	-	-	19.64	-	19.64
Loans	4,783.51	149.84	5,303.08	-	10,236.43
Investments	-	1,240.22	300.76	-	1,540.98
Property, Plant and Equipment	0.37	-	-	-	0.37
Other financial assets	-	-	38.96	-	38.96
<b>Total assets</b>	<b>4,820.89</b>	<b>1,390.06</b>	<b>5,981.70</b>	<b>-</b>	<b>12,192.65</b>

Notes:-

- 1 Represents assets which are not pledged and Group believes it is restricted from using to secure funding for legal or other reason
- 2 Represents assets which are not restricted for use as collateral, but that the group would not consider readily available to secure funding in the normal course of business



49.3. Market Risk

Market risk is the risk associated with the effect of changes in market factors such as interest rates, equity prices, credit spreads or implied volatilities, on the value of assets and liabilities held resulting in loss of future earnings. 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.

Exposure to market risk – Non trading portfolios

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.

49.3.1 Total market risk exposure

The fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates. The Company classifies its exposures to market risk into non-trading portfolios.

Particulars	As at March 31, 2023			As at March 31, 2022			Primary risk sensitivity
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk	
<b>Financial Assets</b>							
Cash and cash equivalent and other bank balances	386.50	-	386.50	305.87	-	305.87	Interest rate
Securities held for trading	178.13	178.13	-	50.29	50.29	-	Interest rate
Loans	5,443.67	-	5,443.67	10,236.43	-	10,236.43	Interest rate
Investments	3,115.40	-	3,115.40	1,540.98	-	1,540.98	Interest rate
Trade receivables	35.21	-	35.21	19.64	-	19.64	
Other financial assets	826.19	-	826.19	38.96	-	38.96	
<b>Total</b>	<b>9,985.10</b>	<b>178.13</b>	<b>9,806.97</b>	<b>12,192.17</b>	<b>50.29</b>	<b>12,141.88</b>	
<b>Financial Liability</b>							
Debt securities	889.88	-	889.88	2,804.43	-	2,804.43	Interest rate
Borrowings (other than Debt Securities)	705.60	-	705.60	1,774.29	-	1,774.29	Interest rate
Subordinated Liabilities	2,190.60	-	2,190.60	2,153.18	-	2,153.18	Interest rate
Trade payables	57.27	-	57.27	54.37	-	54.37	
Other liabilities	1,021.92	-	1,021.92	673.75	-	673.75	
<b>Total</b>	<b>4,865.27</b>	<b>-</b>	<b>4,865.27</b>	<b>7,460.02</b>	<b>-</b>	<b>7,460.02</b>	



**Edehweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
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**49.3. Market Risk**

**49.3.2 Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows of financial instruments. 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 as at year end.

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.

For the year ended	Increase/ (Decrease) in basis points	Increase in profit after tax	Decrease in profit after tax	Increase in Equity	(Decrease) in Equity
<b>INR Loans</b>					
March 31, 2023	25/(25)	5.33	(5.33)	5.33	(5.33)
March 31, 2022	25/(25)	6.72	(6.72)	6.72	(6.72)
<b>INR Borrowings</b>					
March 31, 2023	25/(25)	(1.18)	1.18	(1.18)	1.18
March 31, 2022	25/(25)	(3.34)	3.34	(3.34)	3.34



**Edelweiss Retail Finance Limited**  
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**50.1. Fair Value measurement:**

**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 3.11 for more details on fair value hierarchy

**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.

**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
Assets measured at fair value on a recurring basis				
Financial Assets held for trading				
Other debt securities	178.13	-	-	178.13
<b>Total financial instruments measured at fair value - A</b>	<b>178.13</b>	<b>-</b>	<b>-</b>	<b>178.13</b>
Other financial assets				
Security Receipts (SR)	-	-	783.61	783.61
<b>Total financial instruments measured at fair value - B</b>	<b>-</b>	<b>-</b>	<b>783.61</b>	<b>783.61</b>
Other financial assets				
Units of AIF	-	-	2,331.80	2,331.80
<b>Total financial instruments measured at fair value - C</b>	<b>-</b>	<b>-</b>	<b>2,331.80</b>	<b>2,331.80</b>
<b>Total (A+B+C)</b>	<b>178.13</b>	<b>-</b>	<b>3,115.40</b>	<b>3,293.53</b>
<b>As at March 31, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Assets measured at fair value on a recurring basis				
Financial Assets held for trading				
Other debt securities	50.29	-	-	50.29
<b>Total financial instruments measured at fair value - A</b>	<b>50.29</b>	<b>-</b>	<b>-</b>	<b>50.29</b>
Other financial assets				
Security receipts	-	-	1,240.22	1,240.22
<b>Total financial instruments measured at fair value - B</b>	<b>-</b>	<b>-</b>	<b>1,240.22</b>	<b>1,240.22</b>
Other financial assets				
Units of AIF	-	-	300.76	300.76
<b>Total financial instruments measured at fair value - C</b>	<b>-</b>	<b>-</b>	<b>300.76</b>	<b>300.76</b>
<b>Total (A+B+C)</b>	<b>50.29</b>	<b>-</b>	<b>1,540.98</b>	<b>1,591.27</b>



**D. Valuation Techniques:**

**Debt Securities**

Whilst most of these instruments are standard fixed 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. Company has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded Company has used CRISIL Corporate Bond Valuer model for measuring fair value.

**Security Receipts**

The market for these security receipts 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

E. There have been no transfers between levels during the year ended March 31, 2023 and March 31, 2022.

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

Financial year ended March 2023	<u>Security Receipts</u>	<u>Units of AIF</u>	<u>Total</u>
Investments - at April 1, 2022	1,240.22	300.76	1,540.98
Purchase	622.17	2,367.58	2,989.75
Sale/Redemption proceeds	(1,074.73)	(288.24)	(1,362.97)
Profit for the year recognised in profit or loss	(4.05)	(48.30)	(52.35)
Investments - at March 31, 2023	<u>783.61</u>	<u>2,331.80</u>	<u>3,115.40</u>
Unrealised gain/(Loss) related to balances held at the end of the year	(4.05)	(48.30)	(52.35)
Financial year ended March 2022	<u>Security receipts</u>	<u>Units of AIF</u>	<u>Total</u>
Investments - at April 1, 2021	708.11	249.80	957.91
Purchase	694.08	52.82	746.90
Sale/Redemption proceeds	(161.97)	(1.86)	(163.83)
Profit for the year recognised in profit or loss	-	-	-
Investments - at March 31, 2022	<u>1,240.22</u>	<u>300.76</u>	<u>1,540.98</u>
Unrealised gain/(Loss) related to balances held at the end of the year	-	-	-



5B.1. Fair Value measurement:

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

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

Type of Financial Instruments	Fair value of asset as on 31 March 2023	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security Receipts (SR)	783.61	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	786.09	5% increase in Expected future Cash flow	33.69	5% Decrease in Expected future Cash flow	(33.69)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(3.48)	0.5% Decrease in Risk-adjusted discount rate	3.51
Units of AIF	2,331.80	Net Asset approach	Fair value of underlying investments	2,331.80	5% Increase in Fair value of Underlying Investment	116.59	5% Increase in Fair value of Underlying Investment	(116.59)

Type of Financial Instruments	Fair value of asset as on 31 March 2022	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security Receipts	1,240.22	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	7,353.23	5% increase in Expected future Cash flow	31.51	5% Decrease in Expected future Cash flow	(31.51)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(0.55)	0.5% Decrease in Risk-adjusted discount rate	0.56
Units of AIF	300.76	Net Asset approach	Fair value of underlying investments	300.76	5% Increase in Fair value of Underlying Investment	15.04	5% Increase in Fair value of Underlying Investment	(15.04)



**50.2. 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.

As on March 31, 2023	Total Carrying Amount	Total fair value	Level 1	Level 2	Level 3
<b>Financial assets</b>					
Loans	5,443.67	4,991.20	-	-	4,991.20
<b>Total</b>	<b>5,443.67</b>	<b>4,991.20</b>	<b>-</b>	<b>-</b>	<b>4,991.20</b>
<b>Financial liabilities</b>					
Debt securities	889.88	906.13	-	906.13	-
Subordinated liabilities	2,190.60	2,214.11	-	2,214.11	-
<b>Total</b>	<b>3,080.48</b>	<b>3,120.23</b>	<b>-</b>	<b>3,120.23</b>	<b>-</b>
<b>As on March 31, 2022</b>					
<b>Financial assets:</b>					
Loans	10,236.43	9,603.89	-	-	9,603.89
<b>Total</b>	<b>10,236.43</b>	<b>9,603.89</b>	<b>-</b>	<b>-</b>	<b>9,603.89</b>
<b>Financial liabilities</b>					
Debt securities	2,804.43	3,131.63	-	3,131.63	-
Subordinated liabilities	2,153.18	2,182.55	-	2,182.55	-
<b>Total</b>	<b>4,957.61</b>	<b>5,314.18</b>	<b>-</b>	<b>5,314.18</b>	<b>-</b>

**50.3 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**

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: Trade receivables, trade payables and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet. Cash and cash equivalent and Bank balances other than cash and cash equivalents have been classified as Level 1.

**Financial assets at amortised cost**

The fair values of 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. In case of floating interest rate linked loans, since such loans are subject to repricing periodically (less than twelve months), with the interest rate reflecting current market price. Hence carrying value of loans is deemed to be equivalent of fair value.

**Issued debt**

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Company's own credit risk.

**Financial liabilities at amortised cost**

The fair values of financial liabilities 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. In case of floating interest rate linked borrowings, since such borrowings are subject to repricing periodically (less than twelve months), with the interest rate reflecting current market price. Hence carrying value of such borrowings is deemed to be equivalent of fair value.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

51. Trade receivables

Provision matrix for Trade receivables

Particulars	Trade receivables days past due	1-90days	91-180 days	181-365 days	more than 365 days	Total
ECL rate		1.39%	14.87%	67.15%	100.00%	
As at March 31, 2023	Estimated total gross carrying amount at default	35.69	0.00	0.06	0.65	36.41
	ECL - Simplified approach	(0.50)	(0.00)	(0.04)	(0.65)	(1.19)
	Net carrying amount	<u>35.19</u>	<u>0.00</u>	<u>0.02</u>	<u>0.00</u>	<u>35.21</u>
As at March 31, 2022	Estimated total gross carrying amount at default	19.91	0.06	0.02	0.14	20.13
	ECL - Simplified approach	(0.33)	(0.01)	(0.01)	(0.14)	(0.49)
	Net carrying amount	<u>19.58</u>	<u>0.05</u>	<u>0.02</u>	<u>(0.00)</u>	<u>19.64</u>



Edelweiss Retail Finance Limited  
Notes to the Special Purpose Financial Statements (Continued)  
(Currency :Indian rupees in millions)

52. Details of the loan taken from Banks and other parties

Nature of Security and terms of repayment for secured borrowings

All Secured long term borrowings are secured by way of hypothecation of receivables i.e.loans & advances.

(a) Details of term loan taken from Banks (excluding of Interest accrued on Term loans and EIR impact)

As at March 31 2023

Month of Maturity/Repayment	Rate of Interest		Grand Total
	<= 10%	>10%	
January-25	-	12.50	12.50
December-24	-	12.50	12.50
November-24	-	12.50	12.50
October-24	-	12.50	12.50
September-24	-	12.50	12.50
August-24	-	12.50	12.50
July-24	-	12.50	12.50
June-24	-	12.50	12.50
May-24	-	12.50	12.50
April-24	-	12.50	12.50
March-24	-	12.50	12.50
February-24	-	12.50	12.50
January-24	-	12.50	12.50
December-23	-	12.50	12.50
November-23	-	12.50	12.50
October-23	-	12.50	12.50
September-23	-	12.50	12.50
August-23	-	12.50	12.50
July-23	-	12.50	12.50
June-23	-	12.50	12.50
May-23	-	12.50	12.50
April-23	-	12.50	12.50
Total	-	275.00	275.00

As at March 31 2022

Month of Maturity/Repayment	Rate of Interest		Grand Total
	<= 10%	>10%	
March-2023	14.62	80.69	95.31
December-2022	75.90	140.61	216.51
September-2022	153.13	196.88	350.00
July-2022	-	31.25	31.25
June-22	153.13	196.88	350.00
May-2022	-	18.75	18.75
April-2022	17.86	31.25	49.11
Total	414.63	696.31	1,110.93

Details of term loan taken from SIDBI (excluding of Interest accrued on Term loans and EIR impact)

As at March 31 2023

Month of Maturity/Repayment	Rate of Interest	
	10.00% to 10.99%	Grand Total
March-24	-	-
December-23	-	-
September-23	-	-
June-23	-	-
April-23	-	-
Total	-	-

Details of term loan taken from SIDBI (excluding of Interest accrued on Term loans and EIR impact) (continued)

As of 31st March-23 ended SIDBI loan repaid since no balances

As at March 31 2022

Month of Maturity/Repayment	Rate of Interest	
	10.00% to 10.99%	Grand Total
Mar-2023	52.50	52.50
Dec-2022	52.50	52.50
Sep-2022	52.50	52.50
Jun-2022	52.50	52.50
Apr-2022	89.00	89.00
Total	299.00	299.00



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

53. Repayment terms of Secured Non-convertible Debentures are as follow:

The debentures are secured by way of pari passu charge on an immovable property and standard loan assets to the extent of 100% of the outstanding amount of the debentures, unless otherwise stated.

As at March 31 2023

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
ERFL/Public NCD/Series VI	9.25%	22-Mar-2018	22-Mar-2028	4,83,173	483.17
ERFL/Public NCD/Series V	8.88%	22-Mar-2018	22-Mar-2028	4,09,205	409.21
					<u>892.38</u>

As at March 31 2022

Description of Secured Redeemable Non Convertible Debentures (NCD)	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
ERFL/Public NCD/Series VI	9.25%	22-Mar-2018	22-Mar-2028	4,83,173	483.17
ERFL/Public NCD/Series V	8.88%	22-Mar-2018	22-Mar-2028	4,09,205	409.21
ERFL/Public NCD/Series IV	9.00%	22-Mar-2018	22-Mar-2023	6,38,802	638.80
ERFL/Public NCD/Series III	8.65%	22-Mar-2018	22-Mar-2023	2,33,785	233.79
ERFL/NCD/07Nov22	8.50%	07-Nov-2017	07-Nov-2022	1,000	1,000.00
					<u>2,764.97</u>

\*Excluding of Interest accrued and EIR impact

54. Repayment terms of Unsecured non-convertible redeemable subordinate debentures are as follow:

As at March 31 2023

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
INE528S08043	9.25%	06-Oct-2017	06-Oct-2027	1,000	1,000.00
INE528S08035	9.25%	31-Jul-2017	31-Jul-2027	240	240.00
INE528S08027	9.95%	10-Oct-2016	09-Oct-2026	120	120.00
INE528S08019	0.00%	25-May-2015	26-May-2025	140	140.00
					<u>1,500.00</u>

As at March 31 2022

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
INE528S08043	9.25%	06-Oct-2017	06-Oct-2027	1,000	1,000.00
INE528S08035	9.25%	31-Jul-2017	31-Jul-2027	240	240.00
INE528S08027	9.95%	10-Oct-2016	09-Oct-2026	120	120.00
INE528S08019	0.00%	25-May-2015	26-May-2025	140	140.00
					<u>1,500.00</u>

\*Excluding of Interest accrued and EIR impact

55. Repayment terms of Unsecured non-convertible redeemable perpetual debentures are as follow.

As at March 31 2023

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
INE528S08050	9.75%	26-Dec-2017	Perpetual	200	200.00
INE528S08068	10.00%	07-Feb-2018	Perpetual	250	250.00
					<u>450.00</u>

As at March 31 2022

ISIN number	Rate	Issue Date	Redemption Date	No. of NCDs	Amount*
INE528S08050	9.75%	26-Dec-2017	Perpetual	200	200.00
INE528S08068	10.00%	07-Feb-2018	Perpetual	250	250.00
					<u>450.00</u>

\*Excluding of Interest accrued and EIR impact



**56. Capital Management**

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

**(a) The Pillars of its policy are as follows:**

- a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- b) Maintain investment grade ratings for all its liabilities issuances domestically and internationally by ensuring that the financial strength of their balance sheets are preserved.
- c) Manage financial market risks arising from interest rate, equity prices and minimise the impact of market volatility on earnings.
- d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment

**(b) Regulatory Capital**

The below regulatory capital is computed in accordance with RBI/DNBR/2016-17/45 - Master Direction DNBR. PD 008/03.10.119/2016-17 September 01, 2016 (updated time to time) read with RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 - Implementation of Indian Accounting Standards dated March 13, 2020 issued by Reserve Bank of India on Ind AS financial statements.

Particulars	As at	As at
	March 31, 2023	March 31, 2022
<b>Capital Funds</b>		
Common Equity Tier1 (CET1) capital	5,376.21	2,106.88
Other Tier 2 capital instruments (CET2)	1,292.03	1,083.35
<b>Total capital</b>	<b>6,668.23</b>	<b>3,190.23</b>
<b>Risk weighted assets</b>	<b>9,228.94</b>	<b>8,644.62</b>
CET1 Capital ratio	58.25%	24.37%
CET2 Capital ratio	14.00%	12.53%
<b>Total Capital ratio</b>	<b>72.25%</b>	<b>36.90%</b>



Edelweiss Retail Finance Limited  
Notes to the financial statements (Continued)  
(Currency : Indian rupees in millions)

57. Other Disclosures

(i) Details of dues to micro enterprise and small enterprise

Trade Payables includes Nil (Previous Year Rs.0.89 million) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. Interest paid by the company during the year to "Suppliers" registered under this Act is Nil (Previous year: Rs.0.06 million). The aforementioned is based on the responses received by the company to its inquiries with suppliers with regard to applicability under the said Act.

(ii) Disclosure under regulation 53(f) of SEBI (Listing obligations and disclosure Requirements) Regulations,2015

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Loans to advances in the nature of loans to subsidiaries	-	-
Loans to advances in the nature of loans to associates	-	-
Loans to advances in the nature of loans to firms/companies in which directors are interested	-	-
Investment by the lonce in the share of parents company and subsidiary company, when the company has made a loans & advances in the nature of loans	-	-

(iii) Relationship with Struck off Companies

Below are the transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956

Name of the struck off company	Nature of transactions with struck-off Company	Relationship with the Struck off company, if any, to be disclosed	Balance outstanding as on March 31, 2023	Balance outstanding as on March 31, 2022
MEDIFIT HEALTH & FITNESS PRIVATE LIMITED	Receivables	None	0.44	-
Zedpack Pvt Ltd	Receivables	None	-	0.01
Shelz India Pvt Ltd	Receivables	None	-	0.02
<b>Total</b>			<b>0.44</b>	<b>-</b>



**57. Other Disclosures**

**(v) Disclosure of Ratios**

Sr. No.	Particulars	March 31,2023	March 31,2022
1	Debt-equity Ratio <sup>(refer note 1)</sup>	0.86	1.35
2	Debenture redemption reserve (Rupees in Crores)	2.29	6.78
3	Net worth (Rupees in Crores) <sup>(refer note 2)</sup>	533.00	497.02
4	Net profit after tax (Rupees in Crores)	27.79	18.47
5	Earnings per share (not annualised)		
5.a	Basic (Rupees)	6.47	4.30
5.b	Diluted (Rupees)	6.47	4.30
6	Total debts to total assets <sup>(refer note 3)</sup>	0.44	0.53
7	Net profit margin (%) <sup>(refer note 4)</sup>	21.59%	10.47%
8	Sector specific equivalent ratios as on March 31, 2023		
	(a) Capital to risk-weighted assets ratio (CRAR) (%)	72.25%	36.90%
	(b) Tier I CRAR (%)	58.25%	24.37%
	(c) Tier II CRAR (%)	14.00%	12.53%
	(d) Stage 3 ratio (gross) (%) <sup>(refer note 5)</sup>	2.81%	2.31%
	(e) Stage 3 ratio (net) (%) <sup>(refer note 6)</sup>	2.17%	1.82%
9	Liquidity coverage ratio <sup>(refer note 7)</sup>	N.A	N.A

The company being a retail finance company, disclosure of current ratio, long term debt to working capital, Bad debts to Account receivable ratio, Current liability ratio, Debtors turnover, Inventory turnover, Operating margin are not applicable

1. Debt-equity Ratio = Total Debt (Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities+Securitisation liability) : Net worth
2. Net worth = Share capital + Share application money pending allotment + Reserves & Surplus – Deferred Tax Assets
3. Total debts to total assets = Total Debt / Total assets
4. Net profit margin (%) = Net profit after tax / Revenue from Operations
5. Stage 3 ratio (gross) = Gross Stage 3 loans : Gross Loans
6. Stage 3 ratio (net) = (Gross stage 3 loans - impairment loss allowance for Stage 3) : Gross Loans
7. As per RBI guidelines on Liquidity Risk Management Framework, all non-deposit taking NBFCs with asset size of Rs. 5,000 crore shall maintain the required level of Liquidity coverage ratio (LCR) starting December 1, 2020 in phased manner from 30% to 100% by December 1, 2024. As at March 31, 2023, the Company's asset size is less than Rs. 5,000 crores and hence minimum LCR maintenance is not mandatory for the Company.



57. Other Disclosures

(iv) Disclosure Large Corporate as per the applicability criteria given under the SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018.

Initial Disclosure to be made by an entity identified as a Large Corporate

Sr. No	Particulars	Details
1	Name of the company	EDELWEISS RETAIL FINANCE LIMITED
2	CIN	U67120MH1997PLC285490
3	Outstanding borrowing of company as on March 31, 2023	3786.07
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	As per Table 1 below
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE LIMITED

Table 1

Product	Credit Rating	Name of Rating Agency
Bank Borrowings	[ICRA] A+/Stable	ICRA Limited
Commercial Papers	CRISIL A1+	CRISIL
Commercial Papers	CARE A1+	CARE Limited
Long Term Sub-Debt	CRISIL AA-/Stable	CRISIL
Long Term Sub-Debt	[ICRA] A+/Stable	ICRA Limited
Long Term Sub-Debt	CARE A+/Stable	CARE Limited
Long Term NCD	CARE A+/Stable	CARE Limited
Long Term-NCD	CRISIL AA-/Negative	CRISIL
Long Term-NCD	BWR AA-/stable	Brickwork Ratings
Long Term-NCD	[ICRA] A+/Stable	ICRA Limited
Perpetual - Debt	BWR A+/stable	Brickwork Ratings
Perpetual - Debt	ACUITE A+	ACUITE Ratings
Perpetual - Debt	CRISIL A+	CRISIL

(iv) Details of incremental borrowings during the year ended March 31, 2023

Particulars	Details
2-year block period	FY 2022-23, FY 2023-24
Incremental borrowing done in FY (a)	300
Mandatory borrowing to be done through issuance of debt securities (25% of a) = (b)	75
Actual borrowings done through debt securities in FY (c)	0
Shortfall in the mandatory borrowing through debt securities, if any (b) - (c) = (d) {If the calculated value is zero or negative, write "nil"}	0
Quantum of (d), which has been met from (c) (e)	0
Shortfall, if any, in the mandatory borrowing through debt securities for FY 2022-23 {after adjusting for any shortfall in borrowing for FY 2021-22 which was carried forward to FY 2022-23} (f) = (b) - [(c) - (e)]	75

(v) Details of penalty to be paid, if any, in respect to previous year ended March 31, 2022

Particulars	Details
2-year block period	FY 2021-22, FY 2022-23
Amount of fine to be paid for the block, if applicable Fine = 0.2% of {(d)-(e)}	Nil



**57. Other Disclosures**

**(vi) Registration of charges or satisfaction with Registrar of Companies (ROC)**

No charges or satisfaction yet to be registered with ROC beyond the statutory period by the company.

**(vii) Compliance with number of layers of companies**

The provision of this act shall not be applicable as the company is a non-banking financial company as defined in the Reserve Bank of India Act, 1934 (2 of 1934) which is registered with the Reserve Bank of India and considered as systemically important non-banking financial company by the Reserve Bank of India as per the exceptions prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

**(viii) Utilisation of Borrowed funds and share premium:**

(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

(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

**(ix) Details of Benami Property held**

There are no proceedings which have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**(x) Undisclosed income**

The Company will not have any transaction which 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

**(xi) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million as per the requirements.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(i) Foreign currency

The Company has not undertaken any foreign currency transaction during the year ended March 31, 2023 (Previous year: Rs Nil).

(ii) Investments

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Value of Investments</b>		
(i)	Gross value of Investments		
	(a) In India	3,172.87	1,546.90
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	(57.47)	(5.92)
	(b) Outside India	-	-
(iii)	Net value of Investments		
	(a) In India	3,115.40	1,540.98
	(b) Outside India	-	-
	<b>Movement of provisions held towards depreciation on investments</b>		
(i)	Opening balance	(5.92)	(5.92)
(ii)	Add: Provisions made during the year	(51.55)	-
(iii)	Less: Write-off / Written-back of excess provisions during the year	-	-
(iv)	Closing balance	(57.47)	(5.92)

(iii) Derivatives

(a) Forward Rate Agreement / Interest Rate Swap

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	The notional principal of swap agreements	Nil	Nil
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
(iii)	Collateral required by the applicable NBFC upon entering into swaps	Nil	Nil
(iv)	Concentration of credit risk arising from the swaps <sup>5</sup>	Nil	Nil
(v)	The fair value of the swap book <sup>6</sup>	Nil	Nil

Note: Nature and terms of the swaps including information on credit and market risk and the accounting policies adopted for recording the swaps should also be disclosed.

<sup>5</sup> Examples of concentration could be exposures to particular industries or swaps with highly geared companies.

<sup>6</sup> If the swaps are linked to specific assets, liabilities, or commitments, the fair value would be the estimated amount that the applicable NBFC would receive or pay to terminate the swap agreements as on the balance sheet date.

(b) Exchange Traded Interest Rate (IR) Derivatives

Sr. No	Particulars	Amount
(i)	Notional principal amount of exchange traded IR derivatives undertaken during the year (instrumentwise)	Nil
(ii)	Notional principal amount of exchange traded IR derivatives outstanding as on March 31, 2023 (instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil
(iv)	Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

**(c) Qualitative Disclosures**

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts has been made in the books of account. The Company has not entered into any derivative contracts during the year. (Previous year Rs. Nil)

**(d) Quantitative Disclosures**

Sr. No	Particulars	Current Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)	Nil	Nil
	For hedging	Nil	Nil
(ii)	Marked to Market Positions		
	a) Asset (+)	Nil	Nil
	b) Liability (-)	Nil	Nil
(iii)	Credit Exposure	Nil	Nil
(iv)	Unhedged Exposures	Nil	Nil

**(iv) Asset liability management**

**Maturity pattern of certain items of assets and liabilities**

As at March 31, 2023

Buckets	Deposits	Advances (Gross)	Investments*	Borrowings	Foreign Currency Assets	Foreign Currency Assets
1 day to 7 days	-	49.62	-	23.63	-	-
8 day to 14 days	-	14.06	-	-	-	-
15 days to 30/31 days (One month)	-	83.77	-	96.40	-	-
Over 1 month upto 2 months	-	118.86	-	12.50	-	-
Over 2 months upto 3 months	-	1,477.34	-	12.50	-	-
Over 3 months upto 6 months	-	593.97	24.06	52.28	-	-
Over 6 months upto 1 year	-	541.59	154.07	473.26	-	-
Over 1 year upto 3 years	-	770.68	-	413.13	-	-
Over 3 years upto 5 years	-	363.02	783.61	2,702.38	-	-
Over 5 years	-	1,635.14	2,331.80	-	-	-
<b>Total</b>	<b>-</b>	<b>5,648.05</b>	<b>3,293.53</b>	<b>3,786.07</b>	<b>-</b>	<b>-</b>

\*Including securities held for trading

**Maturity pattern of certain items of assets and liabilities**

As at March 31, 2022

Buckets	Deposits	Advances (Gross)	Investments*	Borrowings	Foreign Currency Assets	Foreign Currency Assets
1 day to 7 days	-	52.82	-	-	-	-
8 day to 14 days	-	956.76	-	62.44	-	-
15 days to 30/31 days (One month)	-	281.16	-	129.51	-	-
Over 1 month upto 2 months	-	671.31	13.77	18.75	-	-
Over 2 months upto 3 months	-	480.43	-	402.50	-	-
Over 3 months upto 6 months	-	941.99	4.56	448.59	-	-
Over 6 months upto 1 year	-	3,444.82	31.96	2,716.45	-	-
Over 1 year upto 3 years	-	1,568.75	-	-	-	-
Over 3 years upto 5 years	-	72.24	1,240.22	371.28	-	-
Over 5 years	-	2,248.94	300.76	2,582.38	-	-
<b>Total</b>	<b>-</b>	<b>10,719.22</b>	<b>1,591.27</b>	<b>6,731.90</b>	<b>-</b>	<b>-</b>

\*Including securities held for trading

**(v) Capital to risk assets ratio (CRAR)**

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
(i)	CRAR (%)	72.25%	36.90%
(ii)	CRAR - Tier I capital (%)	58.25%	24.37%
(iii)	CRAR - Tier II Capital (%)	14.00%	12.53%
(iv)	Amount of subordinated debt raised as Tier-II capital (Raised during the year: Nil, Previous year Nil) (Discounted value of subordinated debt considered for the purpose of Tier II capital Rs. 1,120.00 Mn, Previous year Rs. 1,053.99 Mn.)	1,731.84	1,694.54
(v)	Amount raised by issue of perpetual debt instruments (Raised during the year: Nil, Previous year Nil)	458.76	458.64



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(vi) Direct assignment & Securitisation

- (a) Disclosures in the notes to the accounts in respect of securitisation transactions as required under revised guidelines on securitization transactions issued by RBI vide circular no.DNBS. PD.No.301/3.10.01/2012-13 dated August 21, 2012

Sr. No	Particulars	As at	As at
		March 31, 2023	March 31, 2022
1	No. of SPVs sponsored by the NBFC for securitisation transactions	4	1
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,309.54	314.47
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	551.52	53.46
	a) Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	- First loss	106.47	22.01
	- Others	445.05	31.45
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

\*Only the SPVs relating to outstanding securitisation transactions may be reported here

- (b) Disclosures in the notes to the accounts in respect of assignment transactions

Sr. No	Particulars	As at	As at
		March 31, 2023	March 31, 2022
1	No. of SPVs sponsored by the NBFC for assignment transactions	62	10
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	2,000.12	1,573.29
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	511.52	194.48
	a) Off-balance sheet exposures		
	- First loss		-
	- Others		-
	b) On-balance sheet exposures		
	- First loss		-
	- Others	511.52	194.48
4	Amount of exposures to assignment transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss		-
	- Others		-
	ii) Exposure to third party securitisations		
	- First loss		-
	- Others		-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss		-
	- Others		-
	ii) Exposure to third party securitisations		
	- First loss		-
	- Others		-



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

(c) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction during the year

Sr. No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i)	No. of accounts	14	25
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	942.55	393.49
(iii)	Aggregate consideration	982.11	370.84
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value	39.56	(22.65)

(d) Details of Assignment transactions undertaken during the year

Sr. No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i)	No. of accounts	2	33
(ii)	Aggregate value (net of provisions) of accounts sold to SC / RC	793.90	314.24
(iii)	Aggregate consideration	793.90	282.82
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / (loss) over net book value	-	(31.42)

(e) Details of Securitization transactions undertaken during the year

Sr. No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(i)	No. of accounts	376	358
(ii)	Aggregate value (net of provisions) of accounts sold	166.74	282.82
(iii)	Aggregate consideration	166.74	314.47
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain / loss over net book value	-	31.65



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(vii) Details of non-performing financial assets purchased / sold

A. Details of Non performing financial assets purchased:

Sr. No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a)	No. of accounts purchased during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil
(a)	Of these, number of accounts restructured during the year	Nil	Nil
(b)	Aggregate outstanding	Nil	Nil

B. Details of Non performing financial assets Sold:

Sr. No	Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
(a)	No. of accounts sold	14	25
(b)	Aggregate outstanding	942.55	393.49
(c)	Aggregate consideration received	982.11	370.84

(viii) Exposure to real estate sector, both direct and indirect & exposure to capital market

a) Exposure to real estate sector, both direct and indirect

Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
<b>A</b>	<b>Direct exposure</b>		
(i)	<b>Residential mortgages -</b> Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	1,171.65	1,480.77
(ii)	<b>Commercial real estate -</b> Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc).	1,686.93	2,957.30
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	- Residential	-	-
	- Commercial real estate	-	-
<b>B</b>	<b>Indirect exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
	<b>Total Exposure to Real Estate Sector</b>	<b>2,858.58</b>	<b>4,438.07</b>



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

**b) Exposure to capital market**

Sr. No	Particulars	As at	As at
		March 31, 2023	March 31, 2022
i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	727.47
iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii)	bridge loans to companies against expected equity flows / issues	-	-
viii)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix)	Financing to stockbrokers for margin trading	-	-
x)	All exposures to Alternative Investment Funds: Category I	2,331.79	300.76
	<b>Total Exposure to Capital Market</b>	<b>2,331.79</b>	<b>1,028.23</b>

(ix) **Movements in non performing advances:**

The following table sets forth, for the periods indicated, the details of movement of gross Stage III loans, Net Stage III and ECL

Sr. No	Particulars	As at	As at
		March 31, 2023	March 31, 2022
i)	Net NPAs to net advances (%)	2.22%	1.83%
ii)	<b>Movement of NPAs (Gross)</b>		
	a) Opening balance	248.06	1,561.18
	b) Additions during the year	990.04	204.65
	c) Reductions during the year	(1,079.64)	(1,517.77)
	d) Closing balance	158.46	248.06
iii)	<b>Movement of net NPA</b>		
	a) Opening balance	195.25	1,281.37
	b) Additions during the year	909.59	174.50
	c) Reductions during the year	(982.06)	(1,260.62)
	d) Closing balance	122.78	195.25
iv)	<b>Movement of provisions for NPAs (excluding provision on Stage I &amp; II loans)</b>		
	a) Opening balance	52.81	279.81
	b) Additions during the year	80.45	30.15
	c) Reductions during the year	(97.58)	(257.15)
	d) Closing balance	35.68	52.81



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

**(x) Details of single borrower limit and group borrower limit exceeded by the Company:**

During the year ended 31 March 2023, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI, except exposure to below entities. (Previous year: Nil)

**GMR Bannerghatta Properties Private Limited**

The above loans was disbursed within the limit of Single Borrower Limit (SBL) and Group Borrower Limit (GBL) as defined in RBI Master Direction 'DNBR. PD. 008/03.10.119/2016-17 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 as amended. During the year, the limit was breached due to change in the basis of the computation of SBL/GBL limit based on the RBI circular RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021 on Scale ased Regulation and defined based on net owned fund which was earlier based on owned fund. The Company has taken the necessary steps to bring down the exposures of above borrower within applicable limit.

**(xi) Unsecured Advances**

The company has not taken any charges over the rights, licences, authorisation etc against unsecured loan given to borrowers.

**(xii) Fraud Reporting**

There were no instances of fraud identified and reported during the year (Previous Year Nil) as required in terms of Chapter II paragraph 5 of Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016.

**(xiii) Remuneration of Directors**

The company has not entered into any transaction with non-executive directors during the year (Previous Year Rs. Nil) except disclosure made in table below:

Details of transaction with non executives directors

Name of Directors	Nature of transaction	For the year ended March 31, 2023	For the year ended March 31, 2022
Mr. Vinod Juneja	Sitting fees	0.60	0.26
Mr. Sunil Phatarphekar	Sitting fees	0.44	0.22

**(xiv) Net profit or loss for the period, prior period items and changes in accounting policy**

There are no prior period items (previous year Rs, Nil) and there are no changes in accounting policies during the year.

**(xv) Details of 'provisions and contingencies'**

Break up of 'provisions and contingencies' shown under the head expenditure in statement of profit and loss.	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) Provisions for depreciation on investment	57.47	5.92
(ii) Provision towards NPA (Stage III loans)	(17.08)	(226.99)
(iii) Provision made towards income tax	12.63	23.73
(iv) Provision for Standard loans (Stage I & II loans)	(261.38)	83.04



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

**(xvi) Draw down from Reserves**

The Company has drawn Rs. Nil (Previous Year Nil) from the debenture redemption reserve and transferred to retained earnings on redemption of debentures till March 31, 2023. Further, pursuant to the amendments in the Companies Act, 2013, debenture redemption reserve is not required to be created for debentures issued by Non-Banking Finance Companies (including Housing Finance Companies) regulated by Reserve Bank of India.

**(xvii) Concentration of deposits, advances, exposures and NPAs**

<b>A) Concentration of Deposits (for deposit taking NBFCs)</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Total Deposits to twenty largest depositors	NA	NA
% of Deposits of twenty largest depositors to total Deposit taking NBFC	NA	NA
<b>B) Concentration of advances</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Total advances to twenty largest borrowers	3,033.67	7,060.21
% of advances to twenty largest borrowers to total advances	53.71%	65.86%
<b>C) Concentration of exposures (includes Off balance sheet exposure)</b>		
Total exposures to twenty largest borrowers / customers	3,141.83	7,060.21
% of exposures to twenty largest borrowers / customers to total Exposure	54.51%	65.53%
<b>D) Concentration of NPAs</b>		
Total exposures to top four NPAs	115.18	94.13
<b>E) Intra group exposures</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
i) Total amount of intra-group exposures	480.87	3,655.73
ii) Total amount of top 20 intra-group exposures	480.87	3,655.73
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	5.38%	29.70%
<b>F) Sector-wise NPAs</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>% of NPAs to total advances in that sector</b>		
1 Agriculture & allied activities	0.00%	0.00%
2 MSME	1.88%	7.81%
3 Corporate borrowers	0.58%	1.42%
4 Services	2.13%	0.39%
5 Unsecured personal loans	0.00%	0.00%
6 Auto loans	0.00%	0.00%
7 Other personal loans	13.74%	6.29%



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

G) Sector-wise loans breakup

Sectors	As on March 31, 2023			As on March 31, 2022		
	Total Exposure*	Gross NPAs	% of Gross NPAs to total exposure in that sector	Total Exposure*	Gross NPAs	% of Gross NPAs to total exposure in that sector
1 Agriculture and Allied Activities	48.03	-	-	60.09	-	-
2 Industry (Micro and Small Enterprises)	3,690.50	116.47	3.16%	2,862.73	200.60	7.01%
2.1 Micro and Small	452.89	67.60	14.9%	979.28	91.59	9.4%
2.2 Medium	37.18	-	0.0%	195.32	33.77	17.3%
2.3 Large	-	-	-	-	-	-
2.4 Others	3,200.43	48.87	1.5%	1,688.14	75.25	4.5%
3 3. Services	1,478.66	31.48	2.13%	7,011.62	27.10	0.39%
3.1 Transport Operators	-	-	-	-	-	-
3.2 Computer Software	-	-	-	-	-	-
3.3 Tourism, Hotels and Restaurants	324.93	-	-	359.81	0.27	-
3.4 Shipping	10.01	-	-	9.97	-	-
3.5 Professional Services	483.09	8.32	1.7%	688.35	4.10	0.6%
3.6 Trade	157.46	0.74	0.5%	145.08	1.59	1.1%
3.6.1 Wholesale Trade (Other than Retail)	2.64	0.32	12.2%	12.56	0.29	2.3%
3.6.2 Retail Trade	154.82	0.42	0.3%	132.52	1.30	1.0%
3.7 Commercial Real Estate	-	-	-	149.22	-	-
3.8 Non Banking Financial Companies	-	-	-	259.16	-	-
3.9 Aviation	21.78	-	-	22.70	-	-
3.10 Other Services	481.39	22.41	4.7%	5,377.34	21.13	0.4%
4. Personal Loans	430.85	10.51	2.4%	784.78	20.36	2.59%
4.1 Housing (Including Priority Sector Housing)	-	-	-	-	-	-
4.2 Consumer Durables	-	-	-	-	-	-
4.3 Credit Card Outstanding	-	-	-	-	-	-
4.4 Vehicle Loans	-	-	-	-	-	-
4.5 Education	-	-	-	-	-	-
4.6 Advances against Fixed Deposits	-	-	-	-	-	-
4.7 Advances to Individuals against share, bonds, etc.	-	-	-	-	-	-
4.8 Loans against gold jewellery	-	-	-	-	-	-
4.9 Micro finance loans / SHG loans	-	-	-	-	-	-
4.10 Other Retail Loans	430.85	10.51	2.4%	784.78	20.36	2.6%
5 Others, if any (Please specify)	-	-	-	-	-	-
<b>Total</b>	<b>5,648.05</b>	<b>158.46</b>	<b>2.81%</b>	<b>10,719.22</b>	<b>248.06</b>	<b>2.31%</b>

\*includes on balance sheet and off-balance sheet exposure



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(xviii) Customer complaints

1) Summary information on complaints received by the NBFCs from customers and from the Offices of Ombudsman

Particulars	For the year ended	For the year ended			
	March 31, 2023	March 31, 2022			
<b>1) Compliants received by the NBFC from its customers</b>					
1 No. of complaints pending at the beginning of the year	-	-			
2 No. of complaints received during the year	100	118			
3 No. of complaints redressed during the year	98	118			
3.1 <i>Of which, number of complians rejected by the NBFC</i>	4	-			
4 No. of complaints pending at the end of the year	2	-			
<b>5 Number of Maintainable complaints received by the NBFC from office of the Ombudsman</b>	17	13			
5.1 <i>Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman</i>	17	13			
5.2 <i>Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman</i>	-	-			
5.3 <i>Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC</i>	-	-			
<b>6 Number of Awards unimplemented within the stipulated time (other than those appealed)</b>	-	-			
<b>2) Top five grounds of complaints received by the NBFCs from customers</b>					
	<b>Number of complaints pending at the beginning of the year</b>	<b>Number of complaints received during the year</b>	<b>% increase/decrease in the number of complaints received over the previous year</b>	<b>Number of complaints pending at the end of the year</b>	<b>Of 5, number of complaints pending beyond 30 days</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>FY2022-23</b>					
Loans and advances	-	100	85%	2	2
<b>FY2021-22</b>					
Loans and advances	-	118	157%	0%	-

\* Grounds of complains are basis on the grounds as specified in Scale Based Regulations issued by the Reserve Bank of India.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(xix) Details of ratings assigned by credit rating agencies

As at March 31, 2023

(a) Instrument category	CRISIL	ICRA	CARE	Brickworks	Acuite
i) Long term instruments	LT-NCD, LT - Sub Debt and Perp-Debt	LT-NCD, LT - Sub Debt and BLR	LT-NCD and LT - Sub Debt	LT-NCD and Perp-Debt	Perpetual Debt
Rating	CRISIL AA- & A+/Negative	ICRA A+/Stable	CARE A+/Negative	BWR AA- & A+/Negative	ACUITE A+/Negative
Amount	6860.00	30101.70	5250.00	1500.00	1000.00
ii) Short term instruments	CPs-ST		CPs-ST		
Rating	CRISIL A1+	NA	CARE A1+	NA	NA
Amount	5000.00	NA	5000.00	NA	NA

(b) the migration of ratings during the year are given below:

- (i) Acuite revised the long term rating A+ from AA- on 5th August 2022.
- (ii) Brickwork changed the outlook Stable to Negative on 10th October 2022.
- (iii) CARE revised the outlook Negative from Stable on 06th October 2022.
- (iv) ICRA changed the outlook Negative to Stable on 24th June 2022.

(a) As at March 31, 2022

Instrument category	CRISIL	ICRA	CARE	Brickworks	Brickworks	Acuite
i) Long term instruments	LT-NCD, LT - Sub Debt and BLR	LT-NCD, LT - Sub Debt and BLR	LT-NCD and LT - Sub Debt	LT-NCD	Perpetual Debt	Perpetual Debt
Rating	CRISIL AA- /Negative	ICRA A+/Negative	CARE A+/Stable	BWR AA-/stable	BWR A+/stable	ACUITE AA- /Negative
Amount	1,202.00	3,020.17	525.00	50.00	100.00	100.00
ii) Short term instruments	CPs-ST		CPs-ST			
Rating	CRISIL A1+	NA	CARE A1+	NA	NA	NA
Amount	200.00	NA	500.00	NA	NA	NA

(b) The migration of ratings during the year are nil.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(xx) Disclosure of Restructured Accounts

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014 read with RBI circular RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 & RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020).

Sr No	Type of Restructuring Asset Classification Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total					
			Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	
1	Restructured accounts as on 1st April, 2022 (Opening figures) (refer note 1)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	82	16	-	-	98	82	16	-	-	98	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	1,976.98	69.19	-	-	2,046.17	1,976.98	69.19	-	-	2,046.17	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	199.56	15.43	-	-	214.99	199.56	15.43	-	-	214.99	
2	Fresh restructuring during the year (refer note 2)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Upgradations of restructured accounts to Standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of borrowers	-	-	-	-	-	-	-	-	-	(16)	(4)	(2)	-	(22)	(16)	(4)	(2)	-	(22)		
		Amount outstanding	-	-	-	-	-	-	-	-	-	(982.47)	(194.53)	(31.09)	-	(1,208.08)	(982.47)	(194.53)	(31.09)	-	(1,208.08)		
		Provision thereon	-	-	-	-	-	-	-	-	-	(106.08)	(13.06)	(3.97)	-	(123.12)	(106.08)	(13.06)	(3.97)	-	(123.12)		
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	(5)	1	4	-	-	(5)	1	4	-	-		
		Amount outstanding	-	-	-	-	-	-	-	-	-	(250.10)	213.24	36.86	-	0.00	(250.10)	213.24	36.86	-	0.00		
		Provision thereon	-	-	-	-	-	-	-	-	-	(22.53)	16.38	6.15	-	-	(22.53)	16.38	6.15	-	-		
6	Write-offs of restructured accounts during the FY 22-23	No. of borrowers	-	-	-	-	-	-	-	-	-	(18)	(8)	-	-	(26)	(18)	(8)	-	-	(26)		
		Amount outstanding	-	-	-	-	-	-	-	-	-	(25.35)	(7.00)	-	-	(32.35)	(25.35)	(7.00)	-	-	(32.35)		
		Provision thereon	-	-	-	-	-	-	-	-	-	(10.72)	(5.85)	-	-	(16.57)	(10.72)	(5.85)	-	-	(16.57)		
7	Restructured accounts as on 31st Mar, 2023 (Closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	43	5	2	-	50	43	5	2	-	50		
		Amount outstanding	-	-	-	-	-	-	-	-	-	719.06	80.90	5.78	-	805.73	719.06	80.90	5.78	-	805.73		
		Provision thereon	-	-	-	-	-	-	-	-	-	60.22	12.89	2.18	-	75.30	60.22	12.89	2.18	-	75.30		

Note :

1. Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)
2. Amount outstanding of fresh restructuring during the year is the amount outstanding as on the date of restructuring.
3. The above table excludes the recoveries made on restructured accounts.
4. Above disclosure also includes loan accounts which are restructured under RBI circular on 'Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances' dated January 1, 2019 which are reflecting under 'Sub-Standard (i.e. Stage III) category as per classification under Ind AS.



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2022 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

(xx) Disclosure of Restructured Accounts  
(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014 read with RBI circular RBI/2019-20/160 DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 & RBI/2020-21/17 DOR.No.BP.BC/21.04.048/2020-21 dated August 6, 2020).

Sr No	Type of Restructuring Asset Classification Details		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
			Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total
1	Restructured accounts as on 1st April, 2021 (Opening figures) (refer note 1)	No. of borrowers	-	-	-	-	-	-	-	-	-	55	7	-	-	62	55	7	-	-	62	
		Amount outstanding	-	-	-	-	-	-	-	-	-	1,054.49	92.31	-	-	1,146.80	1,054.49	92.31	-	-	1,146.80	
		Provision thereon	-	-	-	-	-	-	-	-	-	123.01	16.58	-	-	139.59	123.01	16.58	-	-	139.59	
2	Fresh restructuring during the year (refer note 2)	No. of borrowers	-	-	-	-	-	-	-	-	-	56	-	-	-	56	56	-	-	-	56	
		Amount outstanding	-	-	-	-	-	-	-	-	-	740.89	-	-	-	740.89	740.89	-	-	-	740.89	
		Provision thereon	-	-	-	-	-	-	-	-	-	47.06	-	-	-	47.06	47.06	-	-	-	47.06	
3	Upgradations of restructured accounts to Standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	1	(1)	-	-	-	1	(1)	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	70.82	(70.82)	-	-	-	70.82	(70.82)	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	9.87	(9.87)	-	-	-	9.87	(9.87)	-	-	-	
4	Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year	No. of borrowers	-	-	-	-	-	-	-	-	-	(8)	-	-	-	(8)	(8)	-	-	-	(8)	
		Amount outstanding	-	-	-	-	-	-	-	-	-	171.24	0.86	-	-	172.10	171.24	0.86	-	-	172.10	
		Provision thereon	-	-	-	-	-	-	-	-	-	34.19	3.42	-	-	37.61	34.19	3.42	-	-	37.61	
5	Downgradations of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	(13)	13	-	-	-	(13)	13	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	(51.71)	51.71	-	-	-	(51.71)	51.71	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	(9.10)	9.10	-	-	-	(9.10)	9.10	-	-	-	
6	Write-offs of restructured accounts during the FY 21-22	No. of borrowers	-	-	-	-	-	-	-	-	-	(9)	(3)	-	-	(12)	(9)	(3)	-	-	(12)	
		Amount outstanding	-	-	-	-	-	-	-	-	-	(8.75)	(4.87)	-	-	(13.62)	(8.75)	(4.87)	-	-	(13.62)	
		Provision thereon	-	-	-	-	-	-	-	-	-	(5.47)	(3.80)	-	-	(9.27)	(5.47)	(3.80)	-	-	(9.27)	
7	Restructured accounts as on 31st Mar, 2022 (Closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	82.00	16.00	-	-	98.00	82.00	16.00	-	-	98.00	
		Amount outstanding	-	-	-	-	-	-	-	-	-	1,976.98	69.19	-	-	2,046.17	1,976.98	69.19	-	-	2,046.17	
		Provision thereon	-	-	-	-	-	-	-	-	-	199.56	15.43	-	-	214.99	199.56	15.43	-	-	214.99	

Note :

1. Excluding the figures of Standard Restructured Advances which do not attract higher provisioning or risk weight (if applicable)
2. Amount outstanding of fresh restructuring during the year is the amount outstanding as on the date of restructuring.
3. The above table excludes the recoveries made on restructured accounts.
4. Above disclosure also includes loan accounts which are restructured under RBI circular on 'Micro, Small and Medium Enterprises (MSME) sector - Restructuring of Advances' dated January 1, 2019 which are reflecting under 'Sub-Standard (i.e. Stage III) category as per classification under Ind AS.



**Edelweiss Retail Finance Limited**

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

(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

- (xxi) **Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances**  
(as required by RBI guidelines under reference RBI/2018-19/100 DBR.No.BP.BC.18/21.04.048/2018-19 dated January 01, 2019)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
No of accounts restructured	38	77
Amount (Indian rupees in millions)	582.90	880.40

- (xxii) **Registration obtained from other financial sector regulators - Nil** (Previous Year - Nil)

- (xxiii) **Detail of financing parents company products -Nil** (Previous Year - Nil)

- (xxiv) **Disclosure of penalties imposed by RBI and other regulators - Nil** (Previous Year - Nil)

- (xxv) **Ownership Overseas Assets (for those with joint ventures and subsidiaries abroad)**  
There are no overseas assets owned by the company (Previous year Nil)

- (xxvi) **Note to the balance sheet of a non-deposit taking non-banking financial Company**

Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

**Liabilities side:**

Particulars	Amount outstanding		Amount overdue	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid				
(a) Debentures: (other than those falling within the meaning of Public deposit)				
(i) Secured	889.88	2,804.43	-	-
(ii) Unsecured	2,190.60	2,153.18	-	-
(b) Deferred credits	-	-	-	-
(c) Term loans	266.39	1,400.18	-	-
(d) Inter-corporate loans and borrowing	-	-	-	-
(e) Commercial paper	-	-	-	-
(f) Other loans	-	-	-	-
(i) Loan from related parties	0.17	-	-	-
(ii) Bank overdraft	355.76	374.11	-	-
(iii) Inter Corporate Deposits	83.28	-	-	-
<b>Assets side:</b>				
2) Break up of loans and advances including bills receivables (other than those included in (3) below)				
(a) Secured	3,160.67	6,028.04	-	-
(b) Unsecured	2,487.38	4,691.18	-	-
3) Break up of leased assets and stock on hire and other assets counting towards AFC activities				
a) Lease assets including lease rentals under sundry debtors:				
(i) Financial lease	-	-	-	-
(ii) Operating lease	-	-	-	-
b) Stock on hire including hire charges under sundry debtors				
(i) Assets on hire	-	-	-	-
(ii) Repossessed assets	-	-	-	-
c) Other loans counting towards asset financing Company activities				
(i) Loans where assets have been repossessed	-	-	-	-
(ii) Other loans	-	-	-	-



Edelweiss Retail Finance Limited  
Notes to the financial statements for year ended March 31, 2023 (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures

Note to the balance sheet of a non-deposit taking non-banking financial Company as required in terms of paragraph 18 of Master Direction- Non-Banking Financial Company- Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Particulars	As at March 31, 2023		As at March 31, 2022			
4) Break up of investments						
Current investments: (including securities held for trading)						
(a) Quoted:						
(i) Shares: Equity	-	-	-	-		
Preference	-	-	-	-		
(ii) Debentures and bonds	178.13	50.29	-	-		
(iii) Units of mutual funds	-	-	-	-		
(iv) Government securities	-	-	-	-		
(v) Others	-	-	-	-		
(b) Unquoted:						
(i) Shares: Equity	-	-	-	-		
Preference	-	-	-	-		
(ii) Debentures and bonds	-	-	-	-		
(iii) Units of mutual funds	-	-	-	-		
(iv) Government securities	-	-	-	-		
(v) Others (pass through certificates)	-	-	-	-		
Long-term investments (net of provision)						
(a) Quoted:						
(i) Shares: Equity	-	-	-	-		
Preference	-	-	-	-		
(ii) Debentures and bonds	-	-	-	-		
(iii) Units of mutual funds	-	-	-	-		
(iv) Government securities	-	-	-	-		
(v) Others	-	-	-	-		
(b) Unquoted:						
(i) Shares: Equity	-	-	-	-		
Preference	-	-	-	-		
(ii) Debentures and bonds	-	-	-	-		
(iii) Units of mutual funds	-	-	-	-		
(iv) Government securities	-	-	-	-		
(v) Others : Pass through certificates	-	-	-	-		
Security receipts	783.61	1,240.22	-	-		
Units of Alternative Investments Fund (AIF)	2,331.79	300.76	-	-		
5) Borrower group-wise classification of assets financed as in (2) and (3) above						
Particulars	Secured		Unsecured		Total	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1. Related parties**	-	-	-	-	-	-
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	302.70	3,604.80	302.70	3,604.80
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	3,051.95	5,625.81	2,089.01	1,005.83	5,140.97	6,631.64
Total	3,051.95	5,625.81	2,391.71	4,610.62	5,443.67	10,236.43
6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)						
Particulars	Market value/break up or fair value or NAV		Book value (net of provisions)			
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022		
1) Related parties	-	-	-	-		
(a) Subsidiaries	-	-	-	-		
(b) Companies in the same group	676.61	851.63	676.61	851.63		
(c) Other related parties	2,616.92	739.64	2,616.92	739.64		
2) Other than related parties	-	-	-	-		
Total	3,293.53	1,591.27	3,293.53	1,591.27		



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

7) Other information			
Sr. No	Particulars	As at March 31, 2023	As at March 31, 2022
(a)	Gross non-performing assets		
	1) Related parties	-	-
	2) Other than related parties	158.46	248.06
(b)	Net non-performing assets		
	1) Related parties	-	-
	2) Other than related parties	122.78	195.25
(c)	Assets acquired in satisfaction of debt	-	-

Note :

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Company Acceptance of public deposits(Reserve bank) Direction,1998.

**(xxvii) Disclosure on perpetual debt**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount of funds raised through Perpetual debt instrument during the year	Nil	Nil

Particulars	As at March 31,2023	As at March 31,2022
Principal amount outstanding as at year end.	450.00	450.00
Percentage of the amount of Perpetual debt of the amount of its Tier I Capital	8.37%	14.15%
Unpaid interest on Perpetual debt	-	-

(xxviii) There are no amount due and outstanding to be credited to investor education & protection Fund as at March 31, 2023 and at March 31, 2022

(xxix) Off balance sheet SPV sponsored -NIL (Previous year NIL)



**Edelweiss Retail Finance Limited**

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

(Currency : Indian rupees in millions)

**58. Regulatory Disclosures**

**(xxix) Prudential Floor for ECL**

As at March 31, 2023

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC),CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the Company exceeds the total provision required under IRACP (including standard asset provisioning), as at March 31, 2023 and March 31, 2022. Accordingly, no amount is required to be transferred to impairment reserve.

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
1	2	3	4	5 = 3 - 4	6	7 = 4 - 6
<b>Performing Assets</b>						
Standard	Stage 1	4,502.00	82.08	4,419.91	17.99	64.09
	Stage 2	987.59	86.28	901.31	54.50	31.79
<b>Subtotal</b>		<b>5,489.59</b>	<b>168.37</b>	<b>5,321.22</b>	<b>72.49</b>	<b>95.88</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	110.80	20.73	90.07	19.95	0.78
Doubtful - up to 1 year	Stage 3	30.31	10.73	19.57	10.16	0.57
1 to 3 years	Stage 3	17.36	4.22	13.14	7.17	(2.95)
More than 3 years	Stage 3	-	-	-	-	-
<b>Subtotal for doubtful</b>		<b>47.66</b>	<b>14.95</b>	<b>32.71</b>	<b>17.33</b>	<b>(2.38)</b>
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>158.46</b>	<b>35.68</b>	<b>122.78</b>	<b>37.28</b>	<b>(1.59)</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	116.00	0.28	115.72	-	-
	Stage 2	-	-	-	-	-
	Stage 3	0.04	0.04	-	-	-
<b>Subtotal</b>		<b>116.04</b>	<b>0.32</b>	<b>115.72</b>	<b>-</b>	<b>-</b>
<b>Total</b>	Stage 1	<b>4,618.00</b>	<b>82.36</b>	<b>4,535.63</b>	<b>17.99</b>	<b>64.37</b>
	Stage 2	<b>987.59</b>	<b>86.28</b>	<b>901.31</b>	<b>54.50</b>	<b>31.79</b>
	Stage 3	<b>158.51</b>	<b>35.73</b>	<b>122.78</b>	<b>37.28</b>	<b>(1.55)</b>
	<b>Total</b>	<b>5,764.09</b>	<b>204.37</b>	<b>5,559.72</b>	<b>109.77</b>	<b>94.61</b>



Edelweiss Retail Finance Limited  
Notes to the financial statements (Continued)  
(Currency : Indian rupees in millions)

58. Regulatory Disclosures (Continued)

(xxx) Prudential Floor for ECL (Continued)

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
1	2	3	4	5 = 3 - 4	6	7 = 4 - 6
<b>Performing Assets</b>						
Standard	Stage 1	7,469.23	40.36	7,428.86	29.86	10.51
	Stage 2	3,001.94	389.61	2,612.34	114.14	275.46
<b>Subtotal</b>		<b>10,471.17</b>	<b>429.97</b>	<b>10,041.20</b>	<b>144.00</b>	<b>285.97</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	194.46	47.84	146.62	30.66	17.18
Doubtful - up to 1 year	Stage 3	32.00	2.84	29.15	7.70	(4.86)
1 to 3 years	Stage 3	2.17	0.19	1.98	1.62	(1.43)
More than 3 years	Stage 3	19.43	1.94	17.48	13.81	(11.87)
<b>Subtotal for doubtful</b>		<b>53.59</b>	<b>4.98</b>	<b>48.62</b>	<b>23.14</b>	<b>(18.16)</b>
Loss	Stage 3	-	-	-	-	-
<b>Subtotal for NPA</b>		<b>248.05</b>	<b>52.82</b>	<b>195.23</b>	<b>53.80</b>	<b>(0.98)</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	55.55	0.14	55.41	-	0.14
	Stage 2	-	-	-	-	-
	Stage 3	0.04	-	0.04	-	-
<b>Subtotal</b>		<b>55.59</b>	<b>0.14</b>	<b>55.45</b>	<b>-</b>	<b>0.14</b>
<b>Total</b>	Stage 1	<b>7,524.78</b>	<b>40.50</b>	<b>7,484.27</b>	<b>29.86</b>	<b>10.65</b>
	Stage 2	<b>3,001.94</b>	<b>389.61</b>	<b>2,612.34</b>	<b>114.14</b>	<b>275.46</b>
	Stage 3	<b>248.09</b>	<b>52.82</b>	<b>195.27</b>	<b>53.80</b>	<b>(0.98)</b>
	<b>Total</b>	<b>10,774.81</b>	<b>482.93</b>	<b>10,291.88</b>	<b>197.80</b>	<b>285.13</b>



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

(xxx) 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.

a) <b>Funding Concentration based on significant counterparty (both deposits and borrowings)</b>	As at March 31, 2023
Number of significant counterparties*	12
Amount of borrowings from significant counterparties	2,553.76
% of Total deposits	NA
% of Total liabilities**	51.29%

\* "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-NDSI's total liabilities

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

b) **Top 20 large deposits**

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

c) **Top 10 Borrowings**

	As at March 31, 2023
Amount of Borrowings from top 10 lenders	2,402.80
% of Total Borrowings	67.62%

d) **Funding Concentration based on significant instrument/product\***

	As at March 31, 2023	
	Amount	% of Total Liabilities**
<b>Market Borrowings</b>		
Non Convertible Debentures	889.88	17.87%
Perpetual and Sub-ordinated Debentures	2,190.60	44.00%
<b>Other Borrowings</b>		
Term Loans	266.39	5.35%
Cash Credit Lines	355.76	7.15%
Others	83.45	1.68%

\* "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's total liabilities.

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

e) **Stock Ratios**

	As at March 31, 2023
Commercial papers as a % of total public funds*	0.00%
Commercial papers as a % of total liabilities	0.00%
Commercial papers as a % of total assets	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total public funds	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total liabilities	0.00%
Non-convertible debentures (original maturity of less than one year) as a % of total assets	0.00%
Other short-term liabilities**, if any as a % of total public funds	11.60%
Other short-term liabilities**, if any as a % of total liabilities	8.82%
Other short-term liabilities**, if any as a % of total assets	4.25%

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

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



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

f) **Institutional set-up for liquidity risk management**

The Board of Directors of the Company has constituted the Asset Liability Management Committee and the Risk Management Committee.

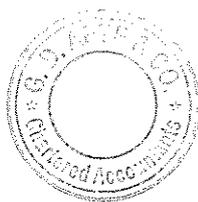
The Asset Liability Management Committee, inter alia

- Implement and administer guidelines on Asset-Liability Management approved by the Board and its revision, if any;
- Monitor the asset liability gap and overcome the asset-liability mismatches, interest risk exposure, etc.; Strategize action to mitigate risk associated with the asset liability gap;
- Develop risk policies and procedures and verify adherence to various risk parameters and prudential limits; review the risk monitoring system and ensure effective risk management; and
- Ensure that the credit and investment exposure to any party / Company / group of parties or companies does not exceed the internally set limits as well as statutory limits as prescribed by Reserve Bank of India from time to time.
- 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.
- the Company has ensured maintenance of a Liquidity Cushion in the form of Mutual Funds and liquid fixed deposits with banks, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. A comfortable liquidity cushion is maintained of the borrowings. 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.

59. **Details of Resolution plan implemented under the Resolution Framework for COVID-19 related stress as per circular dated August 6, 2020. Format B - for the year ended 31 March 2023**

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	-	-	-	-	-
Corporate persons*	44.72	-	-	44.72	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>44.72</b>	<b>-</b>	<b>-</b>	<b>44.72</b>	<b>-</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

**60. Breach of covenant**

As required in terms of paragraph B of Section II of circular RBI/2022-23/26 DOR.ACC.REC.No. 20/21.04.018/2022-23 dated April 19, 2022 - Disclosure in Financial Statements- Notes to Accounts of NBFCs.

During the financial year ending as on 31 March 2023, there is no incidence of breach of covenant.

**61. Unhedged foreign currency exposure**

There is no any unhedged foreign foreign currency exposure as on 31 March 2023 (Previous year Nil).

**62. Divergence in Asset Classification and Provisioning**

As required in terms of paragraph C of Section II of circular RBI/2022-23/26 DOR.ACC.REC.No. 20/21.04.018/2022-23 dated April 19, 2022 - Disclosure in Financial Statements- Notes to Accounts of NBFCs.

**Disclosure of Divergence for March 31, 2022**

Sr.	Particulars	Amount
1	Gross NPAs as on March 31, 2022 as reported by the NBFC	248.05
2	Gross NPAs as on March 31, 2022 as assessed by the Reserve Bank of India/ NHB	856.45
3	Divergence in Gross NPAs (2-1)	(608.40)
4	Net NPAs as on March 31, 2022 as reported by the NBFC	195.24
5	Net NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	742.80
6	Divergence in Net NPAs (5-4)	(547.56)
7	Provisions for NPAs as on March 31, 2022 as reported by the NBFC	52.81
8	Provisions for NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	113.65
9	Divergence in provisioning (8-7)	(60.84)
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2022	254.01
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	184.69
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning*	184.69

\*adjusted Net Profit After Tax includes all adjustments made by RBI ie. including additional provision on financial instrument etc.

The Company has already made the provision of Rs. 67.50 Mn. in Stage II category on the identified loan assets which was in excess of provision of Rs. 60.84 Mn as required according to IRACP norms , hence there was no P&L impact due to the same for the year ended March 31, 2022.

Further, the Company has sold the said loan asset to Asset Reconstruction Company during the financial year 2022-23.



**Ephraïm Retail Finance Ltd**

Notes to the financial statement for the year ended March 31, 2023 (continued)

(Currency/Unit: naira)

**63 Related Party Disclosure**

As required in terms of paragraph 18 of Section I of circular RRP/2022-23/DA DCR/ACC/REC/No. 20/21/04/018/2022-23 dated April 19, 2022 - Disclosure in Financial Statements- Notes to Accounts of NBFCS.

Item	Category	Parent (As per ownership or control)		Subsidiaries**	Associate/Join Ventures	Key Management Personnel	Relatives of Key Management Personnel	Others	Total
		As at March 31, 2023	As at March 31, 2022						
Borrowings	Maximum during the year* Outstanding at year end	400,000	-	1,790,000	2,500				2,150,000
Deposits	Maximum during the year* Outstanding at year end								-
Placement of Deposits	Maximum during the year* Outstanding at year end								-
Advances	Maximum during the year* <sup>5</sup> Outstanding at year end	970,000	-	480,000	2,640				1,476,000
Investments	Maximum purchase during the year* Maximum sale during the year* Outstanding at year end***	300,000	-	416,400	321,231				300,000
Purchase of fixed other assets									4,352,203
Sale of Fixed/Other assets									1,300,877
Interest Paid #		0.91	-	6.14	0.30				4.14
Interest Received #		20.72	-	174.46	307.89				71.62
(Other Refer NBFCS)		36.48	33.78	1,091,201	881.79	0.32	24.23	26.91	1,958.17
									307.89
									1,151.92
									922.80

**Note**

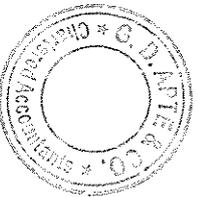
1) As required in above referred circular, the Company is required to specify item if total for the item is more than 5 per cent of total related party transaction, while excluding 5 per cent limit, the Company has taken sum of all transactions such as loan given, loan taken, purchase and sale of investment, securities, income & expenses, income etc. excluding closing balance of assets, liabilities. Other include total of all transactions (excluding closing balances) which are less than 5 percent individually.

\*\* Maximum single transaction value entered amongst any of follow subsidiary is considered. In case investment, maximum single transaction value considered

\*\*\* Including fellow subsidiaries, enterprises over which control is exercised by the parent company and Alternative Investment Funds

# Includes: loan given

# Interest Expense/Income recorded in P&L



**Edelweiss Retail Finance Limited**  
**Notes to the financial statements for year ended March 31, 2023 (Continued)**  
(Currency : Indian rupees in millions)

64. Figures for the previous year have been regrouped/ reclassified wherever necessary to conform to current year presentation.

As per our report of even date attached.

**For G. D. Apte & Co.**  
Chartered Accountants  
ICAI Firm Registration Number : 100515W



per **Mayurcsh V. Zele**  
**Partner**  
Membership no: 150027



**For and on behalf of the Board of Directors**  
**Edelweiss Retail Finance Limited**



**Shilpa Gattani**  
Director  
DIN: 05124763



**Phanindranath Kakarla**  
Director  
DIN: 02076676



**Hitesh Bhadada**  
Chief Financial Officer



Place : Mumbai  
Date : May 16, 2023