

# **Edelweiss Asset Reconstruction Company Limited**

**Corporate Identity Number: U67100MH2007PLC174759**

---

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

## INDEPENDENT AUDITOR'S REPORT

To the Members of Edelweiss Asset Reconstruction Company Limited

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

#### Opinion

We have audited the Standalone Ind AS Financial Statements of Edelweiss Asset Reconstruction Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023 and the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31 2023 and its profit including Other Comprehensive loss, its Cash Flows and the Changes in Equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 audit opinion on the Standalone Ind AS Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements for the financial year ended March 31 2023. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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



4<sup>th</sup> Floor, Iconic Tower, Urmi Estate, 95 Ganpatrao Kadam Marg, Lower Parel (West), Mumbai - 400013, India  
p: + 91 22 6173 7000

LLP Registration NO. AAJ-1379

Noida - New Delhi - Gurugram - Mumbai - Bengaluru - Chennai - Pune - Dehradun

## Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
<b>Fair Valuation of Investments in Security Receipts (SR)</b> <b>As described in Note 6 of the standalone financial statements</b>	
<p>The Company has investment in SR amounts to Rs 44,393.80 millions as disclosed in the standalone financial statements.</p> <p>The fair value of SRs is determined through discounted cash flow method which involves management judgement using level 3 inputs such as projection of future cash flows and expenses.</p> <p>The management has involved credit rating agencies for valuation of SR.</p> <p>Considering the fair valuation of investments is significant to overall standalone financial statements and the degree of management's judgment involved in the estimate, any error in the estimate could lead to material misstatement in the standalone financial statements.</p> <p>Therefore, it is considered as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures included an assessment of internal controls over measurement of fair value and evaluating the methodologies, inputs, judgments made and assumptions used by management in determining fair values.</li> <li>• We evaluated rationale of the models and accounting treatment applied. We compared observable inputs against independent sources and externally available market data for sample cases.</li> <li>• We have performed testing on a sample basis of key inputs as mentioned above to validate the reasonableness of the input values.</li> <li>• We assessed disclosures included in the Standalone Ind AS Financial Statements with respect to such fair valuation.</li> </ul>
<b>Impairment of Trade Receivable</b> <b>As described in Note 4 of the standalone financial statement</b>	
<p>Trade receivables (net of impairment provision outstanding as on March 31, 2023 are Rs. 2,139.38 millions. Significant portion of trade receivables comprises of management fees receivable from trusts where the Company is the trustee.</p> <p>Ind AS 109 Financial Instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach.</p> <p>Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard.</p> <p>The Company follows simplified approach for ECL on trade receivables and recognizes impairment loss allowance based on lifetime expected credit loss at each reporting date.</p> <p>The computation provision for receivables involves high degree of judgement applied by management in determining expected credit loss and hence considered a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures included considering the Company's board approved policies for impairment of trade receivable and assessing compliance with the policies in terms of Ind AS 109.</li> <li>• We assessed the design and tested the operating effectiveness of key controls over the computation of provision on trade receivables.</li> <li>• We obtained management's assessment of future cash flows and validated the assumptions with historical data on recovery and write off on trade receivables.</li> <li>• For sample cases we tested the computation of lifetime expected credit losses.</li> <li>• We tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li> <li>• We assessed the disclosures related to provision on trade receivables included in the Standalone Ind AS Financial Statements.</li> </ul>

<b>Impairment of Loans</b> <b>As described in Note 5 of the standalone financial Statement</b>	
<p>Loans (net of impairment provision) outstanding as on March 31, 2023 are Rs. 2,563.15 millions.</p> <p>Ind AS 109 Financial instruments (Ind AS 109) requires the Company to provide for impairment of its financial instruments (designated as amortized cost or fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles mentioned in the standard. In the process of applying such principles and other requirements of the standard, a significant degree of judgement has been applied by the management in respect of following matters:</p> <p>a) Grouping of loans under homogenous pools in order to determine probability of default (PD) on a collective basis.</p> <p>b) Determining the staging of loans</p> <p>c) Determining effect of past defaults on future probability of default</p> <p>d) Estimation of management overlay for macro-economic factors which could impact the ECL provisions.</p> <p>e) Estimation of loss given default (LGD) based on past recovery rates</p> <p>Given the complexity, significant judgement involved in the estimation of impairment of financial instruments, we have considered this area as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures included considering the Company's board approved policies for impairment of financial instruments and assessing compliance with the policies in terms of Ind AS 109.</li> <li>• We understood the process of ECL estimation and tested the design and operating effectiveness of key controls around data extraction and validation.</li> <li>• We understood the methodology used by the management to arrive at their ECL provision and examined certain assumptions used by the Company in their model for grouping and staging of financial assets into various categories and default buckets and for determining the PD and LGD rates including the macro-economic factors.</li> <li>• We tested the operating effectiveness of the controls for staging of loans based on their past due status.</li> <li>• We tested the arithmetical accuracy of computation of ECL provision performed by the Company.</li> <li>• We assessed the disclosures included in the Standalone Ind AS Financial Statements with respect to such allowance / estimate are in accordance with the requirements of Ind AS 109 and Ind AS 107 Financial Instruments: Disclosures.</li> </ul>

## Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report ("other information"), but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

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

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



## Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended. 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 Standalone Ind AS Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.



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

- 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 Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements for the financial year ended March 31, 2023 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;





# NANGIA & CO LLP

## Report on Other Legal and Regulatory Requirements (*Continued*)

- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2";
- (g) 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 has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 34 to the Standalone Ind AS Financial Statements;
  - ii. The Company did not have any long- term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. (a) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the note 49.9 to the accounts, during the year 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 or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 49.9 to the accounts, during the year no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.  
  
(c) Based on the audit procedures performed that have been 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 (i) and (ii) of Rule 11(e) contain any material misstatement.

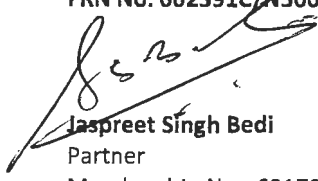


# NANGIA & CO LLP

## Report on Other Legal and Regulatory Requirements (*Continued*)

- v. The Company has not declared or paid any dividend during the year.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For Nangia & Co. LLP  
Chartered Accountants  
FRN No. 002391C/N500069



Jaspreet Singh Bedi  
Partner  
Membership No.: 601788  
UDIN: 23601788BGVLE2483

Place: Mumbai  
Date: May 11, 2023



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

**Re: Edelweiss Asset Reconstruction Company Limited ("the Company")**

- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(a)(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its fixed assets including property, plant and equipment by which the fixed assets including property, plant and equipment and are verified by the management according to a phased programme designed to cover all the items over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the policy, the Company has physically verified certain property, plant and equipment during the year and no discrepancies were noticed in respect of assets verified during the year.

(c) According to information and explanations given to us, the title deeds of all the 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 not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year ended March 31, 2023.

(e) According to information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

- (ii) (a) The Company's business does not require maintenance of inventories and, accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions during any point of time of the year on the basis of security of current assets. Accordingly, the requirement to report on Clause (ii)(b) of the Order is not applicable to the Company.

- (iii) (a) The Company's principal business is to carry on business of an asset reconstruction and securitization, and give loans for undertaking restructuring of acquired loan as permitted by Reserve Bank of India. Accordingly, Clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the terms and conditions of the grant of all loans and advances to Companies are not prejudicial to the Company's interest.

(c) In respect of loans granted to Companies, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following cases:

✓

# NANGIA & CO LLP

Name/Type of the Entity	Amount (In Rs millions)	Due date	Extent of delay (In days)	Remarks, If any
Various Borrowers	2,392.17	Various due dates	More than one day	-
Multiple ARC Trusts	648.43	Various due dates	More than one day	-

(d) The following amounts are overdue for more than ninety days from Companies to whom loan has been granted, and reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

Loan Given to	No. of cases	Total Overdue (In Rs millions)	Remarks, If any
Various Borrowers	7	2,365.72	-
ARC Trusts	173	621.43	-

(e) The Company's principal business is to carry on business of an asset reconstruction and securitization, and give loans for undertaking restructuring of acquired loan as permitted by Reserve Bank of India. Accordingly, the provision of Clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanations 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 to Promoters, related parties as defined in clause 2(76) of Companies Act, 2013.

- (iv) In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees, and securities given have been complied with by the Company.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, income-tax and other statutory dues applicable to it. The provisions relating to employee's state insurance, duty of customs, sales-tax, duty of excise and value added tax are currently not applicable to Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to records of the Company, the dues of income-tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues on account of dispute, are as follow:

Name of the statute	Nature of dues	Amount (Rs. In millions)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Disallowance of claim made u/s 35D	3.47	Assessment year 2020-21	Commissioner of Income-tax (Appeals)

✓

# NANGIA & CO LLP

(viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us, the Company has raised loans during the year on the pledge of securities held in its subsidiaries. Further, the Company has not defaulted in repayment of such loans raised.

Nature of loan taken	Name of lender	Amount of loan (Rs. In millions)	Name of the subsidiary	Relation	Details of security pledged	Remarks
Term loan	Bank	1,000.00	Various ARC Trusts	Subsidiary	Security receipts	-

(x) (a) The Company has not raised any money during the year by way of initial public offer or further public offer (including debt instruments) hence, the requirement to report on Clause (x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and accordingly, Clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) According to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial 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) As represented to us by the management, there are no whistle blower complaints received by the company during the year.

✓

# NANGIA & CO LLP

- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) (a) According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial activities without obtained a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanation given to us, the Group has one core investment company as part of Group.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, Clause (xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 49.8 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

# NANGIA & CO LLP

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act (the Act), in compliance with second proviso to sub section 5 of section 135 of the Act. This matter has been disclosed in Note 28b to the financial statements.

(b) There are no unspent amounts in respect of ongoing projects, that are required to be transferred to a special account in compliance of provision of sub section (6) of section 135 of Companies Act. This matter has been disclosed in Note 28b to the financial statements.

(xxi) Trusts incorporated in India and included in the consolidated financial statements does not have Companies (Auditor's Report) Order (CARO) applicable to them. Accordingly, the requirement to report on clause 3(xxi) of the Order is not applicable to the Holding Company.

For Nangia & Co. LLP

Chartered Accountants

FRN No. 002391C/N500069



Jaspreet Singh Bedi

Partner

Membership No.: 601788

UDIN: 23601788BGLIE2483

Place: Mumbai

Date: May 11, 2023

**"ANNEXURE 2" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF EDELWEISS ASSET RECONSTRUCTION COMPANY LIMITED**

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

**To**  
**The Member of**  
**Edelweiss Asset Reconstruction Company Limited**

We have audited the internal financial controls over financial reporting of Edelweiss Asset Reconstruction Company Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Ind AS 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 internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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





# NANGIA & CO LLP

## 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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## 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, 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 at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Nangia & Co. LLP  
Chartered Accountants  
FRN No. 002391C/N500069



Jaspreet Singh Bedi  
Partner  
Membership No.: 601788  
UDIN: 23601788BGVLE2483

Place: Mumbai  
Date: May 11, 2023



**Edelweiss Asset Reconstruction Company Limited**

CIN-U67100MH2007PLC174759

**Standalone Balance Sheet as at March 31, 2023***(Currency: Indian rupees in millions)*

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
(a) Cash and cash equivalents	2	8,643.06	6,449.23
(b) Bank balances other than cash and cash equivalents	3	923.98	907.71
(c) Trade receivables (net of impairment on financial instruments)	4	2,139.38	2,633.36
(d) Loans (net of impairment on financial instruments)	5	2,563.15	2,674.94
(e) Investments	6	44,393.80	47,485.30
(f) Other financial assets	7	52.98	60.00
		<b>58,716.35</b>	<b>60,210.54</b>
<b>Non-financial assets</b>			
(a) Current tax assets (net)	8	711.08	533.98
(b) Property, Plant and Equipment	9	7.32	12.18
(c) Other Intangible assets	9	10.12	8.49
(d) Intangible assets under development	10	9.85	3.49
(e) Other non-financial assets	11	14.31	19.77
		<b>752.68</b>	<b>577.91</b>
<b>TOTAL ASSETS</b>		<b>59,469.03</b>	<b>60,788.45</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
(a) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	12	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	99.36	123.63
(b) Debt securities	13	27,346.32	32,323.53
(c) Borrowings (other than debt securities)	14	1,822.65	949.75
(d) Other financial liabilities	15	406.30	256.77
		<b>29,674.63</b>	<b>33,653.68</b>
<b>Non-financial liabilities</b>			
(a) Provisions	16	55.21	42.65
(b) Deferred tax liabilities (net)	17	209.93	474.53
(c) Other non-financial liabilities	18	1,587.98	1,861.04
		<b>1,853.12</b>	<b>2,378.22</b>
<b>EQUITY</b>			
(a) Equity share capital	19	2,632.53	2,632.53
(b) Instruments entirely equity in nature	20	-	-
(c) Other equity	21	25,308.75	22,124.02
		<b>27,941.28</b>	<b>24,756.55</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>59,469.03</b>	<b>60,788.45</b>

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

1

This is the Standalone Balance Sheet referred to in our report of even date

For Nangia &amp; Co. LLP

Chartered Accountants

ICAI Firm's Registration No. 002391C / N500069

Jaspreet Singh Bedi

Partner

Membership Number: 601788

For and on behalf of the Board of Directors of

Edelweiss Asset Reconstruction Company Limited

Rajkumar Bansal

Managing Director and CEO

DIN :00122506

Vidya Shah

Non-Executive Non-Independent Director

DIN :00274831

Ashwani Kumar

Chief Financial Officer

Deepak Nautiyal

Company Secretary

Membership Number: 29485

Mumbai

May 11, 2023

Mumbai

May 11, 2023

**Edelweiss Asset Reconstruction Company Limited**

CIN-U67100MH2007PLC174759

**Standalone Statement of Profit and Loss for the year ended March 31, 2023***(Currency: Indian rupees in millions)*

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from operations</b>			
Interest income	22	686.23	813.56
Fee and commission income	23	7,097.68	9,151.09
Net gain/ (loss) on fair value changes	24	2,223.08	(971.95)
<b>Total Revenue from operations</b>		<b>10,006.99</b>	<b>8,992.70</b>
<b>Other income</b>		-	-
<b>Total Income</b>		<b>10,006.99</b>	<b>8,992.70</b>
<b>Expenses</b>			
Finance costs	25	4,475.52	4,549.94
Impairment on financial instruments	26	9.89	(27.86)
Employee benefits expense	27	809.27	682.91
Depreciation, amortisation and impairment	9	12.21	10.62
Other expenses	28	409.57	347.46
<b>Total expenses</b>		<b>5,716.46</b>	<b>5,563.07</b>
<b>Profit before tax</b>		<b>4,290.53</b>	<b>3,429.63</b>
<b>Tax expenses:</b>			
Current tax	29	1,370.46	837.39
Deferred tax	29	(263.86)	65.52
<b>Profit for the year</b>		<b>3,183.93</b>	<b>2,526.72</b>
<b>Other Comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plans (OCI)		(2.93)	(4.70)
Tax effect on Remeasurement gain / (loss) on defined benefit plans (OCI)		0.73	1.18
<b>Other Comprehensive loss (Net of Tax)</b>		<b>(2.20)</b>	<b>(3.52)</b>
<b>Total Comprehensive income</b>		<b>3,181.73</b>	<b>2,523.20</b>
<b>Earnings per equity share (Face value of Rs. 10 each):</b>			
(1) Basic	30	12.09	10.52
(2) Diluted	30	12.09	10.52

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

1

This is the Standalone Statement of Profit and Loss referred to in our report of even date

For Nangia &amp; Co. LLP

Chartered Accountants

ICAI Firm's Registration No. 002391C / NS00069

For and on behalf of the Board of Directors of

Edelweiss Asset Reconstruction Company Limited

Jaspreet Singh Bedi  
Partner

Membership Number: 601788

Raj Kumar Bansal  
Rajkumar Bansal  
Managing Director and CEO  
DIN :00122506

Vidya Shah  
Non-Executive Non-Independent Director  
DIN :00274831

Ashwani Kumar  
Chief Financial Officer

Deepak Nautiyal  
Company Secretary  
Membership Number: 29485

Mumbai  
May 11, 2023

Mumbai  
May 11, 2023

# Edelweiss Asset Reconstruction Company Limited

CIN-U67100MH2007PLC174759

## Standalone Statement of Cash Flow for the year ended March 31, 2023

	(Currency: Indian rupees in millions)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A Cash flow from operating activities</b>		
Profit before taxation	4,290.53	3,429.63
<i>Adjustments for</i>		
Depreciation, amortisation and impairment	12.21	10.62
Impairment on financial instruments	(17.59)	(27.86)
Diminution in the value of trade receivables	(725.52)	(184.65)
Write off of Investment in security receipts	63.89	1,838.08
Provision for compensated absences	0.29	3.52
Provision for gratuity	5.87	8.72
Profit from investments in security receipts	(3,707.47)	(755.69)
Interest income on fixed deposits	(210.97)	(92.92)
Fair value changes on financial assets	1,768.59	(69.30)
Fair value changes on financial liabilities	(348.09)	(41.13)
Finance costs	4,475.52	4,549.94
<b>Operating cash flow before working capital changes</b>	<b>5,607.26</b>	<b>8,668.96</b>
Add / (Less): Adjustments for working capital changes		
Increase / (Decrease) in trade payables	(24.27)	34.21
Increase / (Decrease) in other financial liabilities	149.53	90.54
(Increase) / Decrease in trade receivables	1,219.49	385.37
(Increase) / Decrease in loans given	129.37	283.97
(Increase) / Decrease in other financial assets	7.03	(0.15)
(Increase) / Decrease in other non financial assets	5.46	57.32
Increase / (Decrease) in other non financial liabilities	(273.06)	1,478.22
<b>Cash generated from operations</b>	<b>6,820.81</b>	<b>10,998.44</b>
Income taxes paid	(1,547.49)	(1,093.41)
<b>Net cash generated from operating activities - A</b>	<b>5,273.32</b>	<b>9,905.03</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(8.94)	(11.70)
Proceeds from sale of fixed assets	0.00	0.11
Purchase of investments	(14,648.14)	(12,921.09)
Sale/ Redemption of investments	19,614.64	12,153.45
Interest received on fixed deposits/ Maturity of bank balances other than cash & cash equivalents	194.69	(97.84)
<b>Net cash used in investing activities - B</b>	<b>5,152.25</b>	<b>(877.07)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital/share application money/securities premium	-	8.74
Repayment of debt securities	(4,388.26)	(3,977.72)
Proceeds from term loan from banks	1,300.00	600.00
Repayment of term loan from banks	(437.50)	(81.25)
Proceeds of bank overdraft/working capital demand loan (net) (Refer Note 2)	(3.84)	201.42
Finance costs	(4,702.14)	(4,007.56)
<b>Net cash used in financing activities - C</b>	<b>(8,231.74)</b>	<b>(7,256.37)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,193.83</b>	<b>1,771.59</b>
Cash and cash equivalent as at the beginning of the year	6,449.23	4,677.64
Cash and cash equivalent as at the end of the year (Refer note 1)	8,643.06	6,449.23

The Above Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013



## Edelweiss Asset Reconstruction Company Limited

CIN-U67100MH2007PLC174759

### Note:

- 1 Cash and cash equivalents include the following:

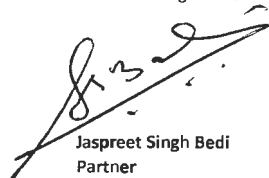
Cash on hand	-	-
Balances with banks-current accounts	8,643.06	6,449.23
Cash equivalents	8,643.06	6,449.23

- 2 Pursuant to Ind AS 7 - Statement of Cash Flows, cash receipts and payments for transactions in which the turnover is quick, the amounts are large and the maturities are short are presented on net basis.

This is the Standalone Statement of Cash Flow referred to in our report of even date

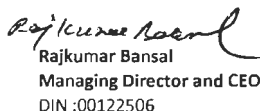
For Nangia & Co. LLP  
Chartered Accountants

ICAI Firm's Registration No. 002391C / N500069



Jaspreet Singh Bedi  
Partner  
Membership Number: 601788

For and on behalf of the Board of Directors of  
Edelweiss Asset Reconstruction Company Limited



Rajkumar Bansal  
Managing Director and CEO  
DIN :00122506



Vidya Shah  
Non-Executive Non-Independent Director  
DIN :00274831



Ashwani Kumar  
Chief Financial Officer



Deepak Nautiyal  
Company Secretary  
Membership Number: 29485

Mumbai  
May 11, 2023

Mumbai  
May 11, 2023

# Edelweiss Asset Reconstruction Company Limited

CIN-U67100MH2007PLC174759

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

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>(A) Equity share capital</b>		
Balance at the beginning of the reporting period	2,632.53	2,105.26
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	2,632.53	2,105.26
Changes in equity share capital	-	527.27
Balance at the end of the reporting period	<u>2,632.53</u>	<u>2,632.53</u>
<b>Instruments entirely equity in nature</b>		
Balance at the beginning of the reporting period	-	332.00
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	-	332.00
Changes in equity share capital	-	(332.00)
Balance at the end of the reporting period	<u>-</u>	<u>-</u>

### (B) Other Equity

Particulars	Reserves and Surplus					Total
	Securities Premium Account	Deemed capital contribution	Debenture redemption reserve	Impairment Reserve	Retained earnings	
Balance at April 01, 2021	5,964.46	15.93	884.38	1,796.99	11,120.84	19,782.60
Add: Reversal on ESOP/SAR on cancellation/lapses post vesting	-	-	-	-	4.75	4.75
Profit for the year	-	-	-	-	2,526.72	2,526.72
Other comprehensive income for the year (net of taxes)	-	-	-	-	(3.52)	(3.52)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	2,527.95	2,527.95
Transfers to / (from) retained earnings	(186.53)	-	(253.76)	250.24	3.52	(186.53)
<b>Balance at March 31, 2022</b>	<b>5,777.93</b>	<b>15.93</b>	<b>630.62</b>	<b>2,047.23</b>	<b>13,652.31</b>	<b>22,124.02</b>
Add: Reversal on ESOP/SAR on cancellation/lapses post vesting	-	-	-	-	3.00	3.00
Profit for the year	-	-	-	-	3,183.93	3,183.93
Other comprehensive income for the year (net of taxes)	-	-	-	-	(2.20)	(2.20)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	3,184.73	3,184.73
Transfers to / (from) retained earnings	-	-	(192.11)	262.77	(70.66)	-
<b>Balance at March 31, 2023</b>	<b>5,777.93</b>	<b>15.93</b>	<b>438.51</b>	<b>2,310.00</b>	<b>16,766.38</b>	<b>25,308.75</b>

This is the Standalone Statement of Changes in Equity referred to in our report of even date

For Nangia & Co. LLP  
Chartered Accountants  
ICAI Firm's Registration No. 002391C / N500069

For and on behalf of the Board of Directors of  
Edelweiss Asset Reconstruction Company Limited

Jaspreet Singh Bedi  
Partner  
Membership Number: 601788

Rajkumar Bansal  
Managing Director and CEO  
DIN :00122506

Vidya Shah  
Non-Executive Non-Independent Director  
DIN :00274831

Ashwani Kumar  
Chief Financial Officer

Deepak Nautiyal  
Company Secretary  
Membership Number: 29485

Mumbai  
May 11, 2023

Mumbai  
May 11, 2023

# Edelweiss Asset Reconstruction Company Limited

## 1.0 Notes to the Standalone Financial Statements:

### 1.1 Background

Edelweiss Asset Reconstruction Company Limited ('the Company') is registered with Reserve Bank of India w.e.f. October 16, 2009 with Registration no. 13/2009 as a Securitisation and Asset Reconstruction Company under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

The Company was incorporated as a Public Company on October 5, 2007 and is engaged in business of acquiring Loan Portfolios, Loan Accounts, Non- Performing Assets (NPA) from the Banks and Financial Institutions and resolving them through appropriate resolution strategies enunciated in SARFAESI and give loans for undertaking restructuring of acquired loan as permitted by Reserve Bank of India. The Company's registered office is at Edelweiss House, Off CST road, Kalina, Mumbai, Maharashtra, India.

The Ultimate Holding Company of the Company is Edelweiss Financial Services Limited ("EFSL").

### 1.2 Basis of preparation of financial statements

The standalone financial statements of the Company has 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 standalone financial statements have been prepared on a historical cost basis, except for certain financial instruments such as financial assets and liabilities measured at fair value through profit and loss (FVTPL) instruments, derivative financial instruments and other financial assets held for trading, which have been measured at fair value.

The standalone financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million, except when otherwise indicated.

### 1.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 32.

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 it being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

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



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

## 1.4 Significant accounting policies

### 1.4.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

### 1.4.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

### 1.4.3 Recognition of Interest

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 receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) 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).





# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

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. The adjustment is subsequently amortised through interest income in statement of profit and loss.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the amortised cost (net of expected credit loss) of the financial asset.

### 1.4.4 Financial Instruments

#### 1.4.4.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

#### 1.4.4.2 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. Trade receivables are measured at the transaction price.

#### 1.4.4.3 Day 1 profit or loss

When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below:

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

### 1.4.5 Measurement categories of financial instruments

#### 1.4.5.1 Financial assets:

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 profit or loss [FVTPL]

The Company measures debt financial assets 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.

All other financial assets are initially measured at fair value and subsequently measured at FVTPL.

##### 1.4.5.1.1 Amortized cost and Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including receipts and payments that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

##### 1.4.5.1.2 Financial assets at fair value through profit or loss

Financial assets in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis
- Financial assets at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss.

### 1.4.5.1.3 Loan commitment

Undrawn loan commitments are commitments under which, the Company is required to provide a loan with pre-specified terms to the customer during the duration of commitment. Undrawn loan commitments are in the scope of the ECL requirements, as set out in Note 1.4.8

### 1.4.5.2 Financial liabilities

All financial liabilities are measured at amortised cost except derivative financial liabilities and financial liabilities designated at fair value through profit and loss.

#### 1.4.5.2.1 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

#### 1.4.5.2.2 Financial liabilities at fair value through profit or loss

Financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when the following criteria is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring liabilities or recognising gains or losses on them on a different basis,

Financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss. Interest incurred on financial liabilities designated at FVTPL is accrued in finance cost, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument.



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

## 1.4.5.3 Financial liabilities and equity instruments

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

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

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

## 1.4.6 Reclassification of financial assets and financial liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities upto and including the year ended March 31, 2023.

## 1.4.7 Derecognition of financial assets and financial liabilities

### 1.4.7.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financial asset, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised financial asset are classified as Stage 1 for ECL measurement purposes, unless the new financial asset is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criterion

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.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

### 1.4.7.2 Derecognition of financial assets (other than due to substantial modification of terms and conditions)

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

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

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

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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.





# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

## 1.4.7.3 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid, including modified contractual cash flow recognised as new financial liability, is recognised in profit or loss.

## 1.4.8 Impairment of financial assets

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitment, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

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.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk 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 on 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.



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

Based on the above process, the Company categorises its financial instruments into Stage 1, Stage 2, and Stage 3 as described below:

- Stage 1:** When loans are first recognised, the company recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and the financial instruments has been reclassified from Stage 2.
- Stage 2:** When a financial instruments has shown a significant increase in credit risk since origination, the company records an allowance for the 12m ECLs. Stage 2 financial instruments also include facilities, where the credit risk has improved and the financial instruments has been reclassified from Stage 3.
- Stage 3:** Financial instruments considered credit-impaired (as outlined in Note 1.5.2.2).The company records an allowance for the LTECLs.

The measurement of expected credit losses is a function of the probability of default, loss given default (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. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments, 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 and the Company's understanding of the specific future financing needs of the debtors.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The 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.

If a financial instrument includes both a loan (i.e. financial asset) and an undrawn commitment (i.e. loan commitment) component and the Company cannot separately identify the expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses have been recognised as a provision.

### 1.4.9 Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a periodical basis.





# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

### 1.4.10 Write off

Financial assets are written off either partially or in their entirety only when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in statement of profit and loss.

### 1.4.11 Determination of fair value

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

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

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

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

- Level 1 financial instruments –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

- Level 2 financial instruments–Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument’s life.
- Level 3 financial instruments –Those that include one or more unobservable input that is significant to the measurement as whole.

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

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.

### 1.4.12 Revenue from contract with customer

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contract and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Company recognises revenue from the following sources:

- a. The fee income comprises of management fees. The Company receives management fee from trusts declared by it for acquisition of financial assets and the same is accounted for on accrual basis as per terms of the relevant trust deeds and offer document issued by the Trust. Management fees are calculated and charged as a percentage of the Net Assets Value (NAV) at the lower end of the range of the NAV specified by the Credit Rating Agency.
- b. Redemption incentive and recovery incentive is accounted over the period on cash basis, i.e. as and when received by the Company, based on terms of the relevant trust deeds and offer document issued by the Trust.
- c. Any upside share in excess realisation over acquisition price of financial asset by trust is recognised at point in time basis as per terms of the relevant trust deed/offer document.
- d. Interest on bank deposits is accounted for on accrual basis as per the terms of the deposits.
- e. The above receipts are recognised as revenue excluding GST.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

### 1.4.13 Operating leases ( IND AS 116 )

#### Leases as a Lessee

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### Rights-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e the date of underlying asset is available for use). Rights-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 rights-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Rights-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 recognizes 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 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 as 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 lease term, a change in 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.

### 1.4.14 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.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

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 dilutive potential equity shares into equity shares.

### 1.4.15 Retirement and other employee benefit

#### 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.

#### 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

#### 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.



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

## 1.4.16 Share-based payment arrangements

Certain employees of the Company have been granted equity-settled ESOPs by the ultimate parent company (Edelweiss Financial Services Limited). The Company recognizes a cost with respect to the services received from the said employees measured by reference to the fair value of the equity instruments granted by the ultimate parent at the grant date.

The fair value determined at the grant date is expensed over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in deemed capital contribution from the ultimate parent. At the end of each reporting period, the Company 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 deemed capital contribution. In cases where the share options granted vest in instalments over the vesting period, the Company treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

## 1.4.17 Property, plant and equipment

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

Subsequent costs incurred on an item of property, plant and equipment is recognised in the carrying amount thereof when those costs meet the recognition criteria i.e. it is probable that future economic benefits will flow to the entity and cost can be measured reliably. Repairs and maintenance are recognised in statement of 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.





# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

Estimated useful lives of the assets are as follows:

Nature of assets	Estimated useful life
Building (other than Factory Building)	60 years
Vehicles	8 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The carrying amount of those components which have been separately recognised as assets is derecognised at the time of replacement thereof. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

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.

## 1.4.18 Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors. Amortization methods and useful lives are reviewed periodically including at each financial year end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

Estimate useful life of software is considered as 3 years.



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### 1.4.20 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

### 1.4.21 Expenses incurred by the Company on behalf of the trust

Expenses incurred at pre-acquisition stage are recognised as expenses for the period in which such costs are incurred. If such expenses are contracted to be recovered from the trusts the same are shown as loan to trust in the Balance Sheet and grouped under Loans. These expenses are reimbursed to the Company in terms of the provisions of relevant trust deed and offer document of the trusts.

### 1.4.22 Provisions and other contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. Detailed disclosures are provided in Note 16.

### 1.4.23 Income tax expenses

Income tax expense represents the sum of the current tax and deferred tax.





# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

### 1.4.23.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. 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.

### 1.4.23.2 Deferred tax

Deferred tax is recognised on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

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

- the entity will have sufficient taxable profit in the same period as reversal of deductible temporary difference or periods in which a tax loss can be carried forward or back; or

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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax 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.

### 1.4.23.3 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.



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

### 1.4.23.4 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 1.4.24 Undrawn Loan Commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements, as set out in Note 5.2. The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 5.2.

### 1.4.25 Derivative contracts (Derivative assets / Derivative liability)

Company has designed a risk strategy based to cover exposure on issuance of G-Sec Linked Debentures, by entering into a derivative contracts either to minimize the loss or to earn a minimum committed income by entering into a combination of derivative contracts (say for example purchased call and put options) with a wide range of strike prices. Above strategy has been approved by the risk committee and ensures that risk is fully or partially covered, hence supports to reduce the risk exposure.

Derivatives are initially recognised at fair value and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss is recognised in profit or loss immediately.

## 1.5 Significant accounting judgements, estimates and assumptions

In the application of the Company's accounting policies, which are described in note 1.4, the management is required to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities, about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

### 1.5.1 Critical judgements in applying accounting policies

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

#### 1.5.1.1 Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how group of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance is measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

#### 1.5.1.2 Significant increase in credit risk

As explained in note 1.4.8, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. 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 1.5.2.2 for more details.

#### 1.5.1.3 Determining lease term for lease contracts with renewal and termination option:

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

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



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

### 1.5.2 Sources of key estimation uncertainty

The following are the key assumptions concerning the future, and other sources of key 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 standalone 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.

#### 1.5.2.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values.

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

#### 1.5.2.2 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- Probabilities of defaults (PDs) the calculation of which includes historical data, assumptions and expectations of future conditions.
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss model basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, exposure at defaults and loss given defaults (LGDs)





# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

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

### 1.5.2.3 Effective interest rate method

The Company's EIR methodology, as explained in Note 1.4.3, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of characteristics of the product life cycle (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 instruments, as well expected changes fee income/expense that are integral parts of the instrument.

### 1.5.2.4 Accounting for deferred taxes

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

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

### 1.5.2.5 Provisions and other 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. 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.

For further details on provisions and other contingencies see Note 16 and 34.



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

## 1.6 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 – Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

Ind AS 12 – Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.





# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>2 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	4,860.71	4,943.64
- in fixed deposits with original maturity less than 3 months (including interest accrued)	3,782.35	1,505.59
	<b>8,643.06</b>	<b>6,449.23</b>
<b>3 Bank balances other than cash and cash equivalents</b>		
Fixed deposits, held as margin money or security against borrowings, guarantees other commitments	0.23	0.33
Long term bank deposits with banks (including interest accrued)	511.73	119.06
Short term bank deposits with banks (including interest accrued)	412.02	788.32
	<b>923.98</b>	<b>907.71</b>
<b>4 Trade receivables (net of impairment on financial instruments)</b>		
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	61.11	112.95
Receivables which have significant increase in credit risk	375.08	437.17
Receivables - Credit Impaired	2,344.96	3,450.53
<b>Gross receivables</b>	<b>2,781.15</b>	<b>4,000.65</b>
Less : Allowance for Expected credit losses (ECL)	641.77	1,367.29
<b>Total receivables (net of impairment on financial instruments)</b>	<b>2,139.38</b>	<b>2,633.36</b>



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 4.1 Trade receivables Ageing Schedule

As at March 31, 2023	Outstanding for following periods from due date of receipt					Total
Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables – considered good -Unsecured	61.11	-	-	-	-	61.11
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	99.41	275.67	-	-	-	375.08
(iii) Undisputed Trade Receivables – credit impaired	42.51	177.27	401.78	326.67	1,396.73	2,344.96
<b>Gross receivables (A)</b>	<b>203.03</b>	<b>452.94</b>	<b>401.78</b>	<b>326.67</b>	<b>1,396.73</b>	<b>2,781.15</b>
i) Undisputed Trade receivables – considered good -Unsecured	10.13	-	-	-	-	10.13
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	10.69	28.36	-	-	-	39.05
(iii) Undisputed Trade Receivables – credit impaired	8.26	26.15	56.13	51.36	450.69	592.59
<b>ECL - Simplified approach (B)</b>	<b>29.08</b>	<b>54.51</b>	<b>56.13</b>	<b>51.36</b>	<b>450.69</b>	<b>641.77</b>
<b>Total receivables net of provision = (A)-(B)</b>	<b>173.95</b>	<b>398.43</b>	<b>345.65</b>	<b>275.31</b>	<b>946.04</b>	<b>2,139.38</b>

As at March 31, 2022	Outstanding for following periods from due date of receipt					Total
Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
i) Undisputed Trade receivables – considered good -Unsecured	112.95	-	-	-	-	112.95
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	241.90	195.27	-	-	-	437.17
(iii) Undisputed Trade Receivables – credit impaired	84.03	303.41	452.69	423.01	2,187.39	3,450.53
<b>Gross receivables (A)</b>	<b>438.88</b>	<b>498.68</b>	<b>452.69</b>	<b>423.01</b>	<b>2,187.39</b>	<b>4,000.65</b>
i) Undisputed Trade receivables – considered good -Unsecured	12.29	-	-	-	-	12.29
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	26.75	21.50	-	-	-	48.25
(iii) Undisputed Trade Receivables – credit impaired	12.35	42.48	65.62	62.01	1,124.29	1,306.75
<b>ECL - Simplified approach (B)</b>	<b>51.39</b>	<b>63.98</b>	<b>65.62</b>	<b>62.01</b>	<b>1,124.29</b>	<b>1,367.29</b>
<b>Total receivables net of provision = (A)-(B)</b>	<b>387.49</b>	<b>434.70</b>	<b>387.07</b>	<b>361.00</b>	<b>1,063.10</b>	<b>2,633.36</b>

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.

There are no disputed, unbilled or not due receivables, hence the same is not disclosed in the ageing schedule.

#### 4.2 Reconciliation of ECL on trade receivables:

Particulars	Amount
Impairment allowance measured as per simplified approach	
Impairment allowance as on March 31, 2021	1,551.93
Add/ (less): asset originated or acquired (net)	(184.64)
Impairment allowance as on March 31, 2022	1,367.29
Add/ (less): asset originated or acquired (net)	(725.52)
Impairment allowance as on March 31, 2023	641.77



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 5 Loans (net of impairment on financial instruments)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Loans (At Amortised Cost)</b>		
A.(i) Term Loans	3,041.40	3,170.78
<b>Total (A) Gross</b>	<b>3,041.40</b>	<b>3,170.78</b>
Less: Expected credit loss	478.25	495.84
<b>Total (A) Net</b>	<b>2,563.15</b>	<b>2,674.94</b>
B.(i) Secured by tangible assets	2,382.23	2,177.77
(ii) Unsecured	659.17	993.01
<b>Total (B) Gross</b>	<b>3,041.40</b>	<b>3,170.78</b>
Less: Expected credit loss	478.25	495.84
<b>Total (B) Net</b>	<b>2,563.15</b>	<b>2,674.94</b>
<b>C.I. Loans in India</b>		
(i) Public Sectors	-	-
(ii) Others	3,041.40	3,170.78
<b>Total (C.I) Gross</b>	<b>3,041.40</b>	<b>3,170.78</b>
Less: Expected credit loss	478.25	495.84
<b>Total (C.I) Net</b>	<b>2,563.15</b>	<b>2,674.94</b>
<b>C.II. Loans outside India</b>		
Less: Expected credit loss	-	-
<b>Total (C.II) Net</b>	<b>-</b>	<b>-</b>
<b>Total: (C.I and C.II)</b>	<b>2,563.15</b>	<b>2,674.94</b>



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 5.1 Credit quality of assets

(A) The table below shows the credit quality and the maximum exposure to credit risk based:

Particulars	March 31, 2023			Total
	12 Month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	
Loan measured at amortised cost				
Performing	20.66	33.59	-	54.25
Individually impaired	-	-	2,987.15	2,987.15
<b>Total</b>	<b>20.66</b>	<b>33.59</b>	<b>2,987.15</b>	<b>3,041.40</b>

Particulars	March 31, 2022			Total
	12 Month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	
Loan measured at amortised cost				
Performing	129.29	191.10	-	320.39
Individually impaired	-	-	2,850.39	2,850.39
<b>Total</b>	<b>129.29</b>	<b>191.10</b>	<b>2,850.39</b>	<b>3,170.78</b>

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

(B) Gross carrying amount reconciliation

Particulars	2022-2023			Total
	12 Month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	
Gross carrying amount opening balance	129.29	191.10	2,850.39	3,170.78
New assets originated or purchased	1,779.74	160.22	600.96	2,540.92
Assets derecognised or repaid (excluding write offs)	(1,866.37)	(211.36)	(1,065.62)	(3,143.35)
Interest income during the period	7.32	44.48	421.25	473.05
Transfers to 12 Month ECL (Stage 1)	4.34	(1.04)	(3.30)	-
Transfers to lifetime ECL (Stage 2)	(1.58)	4.85	(3.27)	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(32.08)	(154.66)	186.74	-
Gross carrying amount closing balance	20.66	33.59	2,987.15	3,041.40

Particulars	2021-2022			Total
	12 Month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	
Gross carrying amount opening balance	131.30	1.53	3,321.91	3,454.74
New assets originated or purchased	1,066.34	22.91	609.22	1,698.47
Assets derecognised or repaid (excluding write offs)	(900.21)	(22.24)	(1,776.76)	(2,699.21)
Interest income during the period	53.43	0.14	663.21	716.78
Transfers to 12 Month ECL (Stage 1)	8.26	-	(8.26)	-
Transfers to lifetime ECL (Stage 2)	(186.14)	189.55	(3.41)	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(43.68)	(0.79)	44.47	-
Gross carrying amount closing balance	129.29	191.10	2,850.39	3,170.78

(C) Reconciliation of ECL Balances

Particulars	2022-2023			Total
	12 Month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	
ECL amount opening balance	10.30	14.37	471.17	495.84
New assets originated or purchased	1.71	2.53	44.94	49.18
Assets derecognised or repaid (excluding write offs)	(10.18)	(6.39)	(76.41)	(92.98)
Transfers to 12 Month ECL (Stage 1)	0.58	(0.08)	(0.50)	-
Transfers to lifetime ECL (Stage 2)	(0.06)	0.55	(0.49)	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.20)	(11.60)	12.80	-
Impact of year end ECL of exposures transferred between stages during the year	(0.41)	3.14	23.48	26.21
ECL allowance - closing balance	0.74	2.52	474.99	478.25

Particulars	2021-2022			Total
	12 Month ECL (Stage 1)	Lifetime ECL Not Credit Impaired (Stage 2)	Lifetime ECL Credit Impaired (Stage 3)	
ECL amount opening balance	6.55	0.12	517.03	523.70
New assets originated or purchased	13.11	0.15	136.59	149.85
Assets derecognised or repaid (excluding write offs)	(1.05)	(0.06)	(187.37)	(188.48)
Transfers to 12 Month ECL (Stage 1)	1.24	-	(1.24)	-
Transfers to lifetime ECL (Stage 2)	(6.98)	7.49	(0.51)	-
Transfers to lifetime ECL- Credit impaired (Stage 3)	(1.64)	(0.06)	1.70	-
Impact of year end ECL of exposures transferred between stages during the year	(0.93)	6.73	4.97	10.77
ECL allowance - closing balance	10.30	14.37	471.17	495.84



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 5.2 Credit quality of loan commitments

The table below shows the credit quality and the maximum exposure to credit risk based:

Particulars	March 31, 2023			
	12 Month ECL (Stage 1) Individual	Lifetime ECL Not Credit Impaired (Stage 2) Individual	Lifetime ECL Credit Impaired (Stage 3)	Total
Performing	-	-	125.00	125.00
<b>Total</b>	-	-	125.00	125.00

Particulars	March 31, 2022			
	12 Month ECL (Stage 1) Individual	Lifetime ECL Not Credit Impaired (Stage 2) Individual	Lifetime ECL Credit Impaired (Stage 3)	Total
Performing	145.50	0.41	125.00	270.91
<b>Total</b>	145.50	0.41	125.00	270.91

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

Gross carrying amount reconciliation

Particulars	2022-2023			
	12 Month ECL (Stage 1) Individual	Lifetime ECL Not Credit Impaired (Stage 2) Individual	Lifetime ECL Credit Impaired (Stage 3)	Total
Opening balance of outstanding exposure	145.50	0.41	125.00	270.91
New exposure	-	-	-	-
Exposure derecognised or matured/lapsed (excluding write-offs)	(145.50)	(0.41)	-	(145.91)
Transfers to lifetime ECL- Credit impaired (Stage 3)	-	-	-	-
<b>Closing balance of outstanding exposure</b>	-	-	125.00	125.00

Particulars	2021-2022			
	12 Month ECL (Stage 1) Individual	Lifetime ECL Not Credit Impaired (Stage 2) Individual	Lifetime ECL Credit Impaired (Stage 3)	Total
Opening balance of outstanding exposure	44.40	-	125.00	169.40
New exposure	-	-	-	-
Exposure derecognised or matured/lapsed (excluding write-offs)	101.10	0.41	-	101.51
Transfers to lifetime ECL- Credit impaired (Stage 3)	-	-	-	-
<b>Closing balance of outstanding exposure</b>	145.50	0.41	125.00	270.91



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

### 6 Investments

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in Security receipts (At fair value through Profit & Loss)	44,393.80	47,485.30
Investments outside India	-	-
Investments within India	44,393.80	47,485.30
<b>Total Investments</b>	<b>44,393.80</b>	<b>47,485.30</b>
Less: Allowance for impairment loss	-	-
<b>Total Net</b>	<b>44,393.80</b>	<b>47,485.30</b>

#### 6.1 Details of Pledged Investment

Nature of Pledge	As at March 31, 2023	As at March 31, 2022
Pledged with Banks against bank overdraft *	1,074.90	1,206.69
Pledged with Banks against term loan **	3,118.42	1,184.56
Pledged against secured non convertible debentures	29,251.84	32,847.53
<b>Total</b>	<b>33,445.17</b>	<b>35,238.78</b>

\* Minimum asset cover of 2 times with rating of RR2 or 1.5 times with rating of RR1 to be maintained

\*\* Minimum asset cover of 1.5 times with rating of RR2 or 1.33 times with rating of RR1 to be maintained

6.2 During the year, the company has written-off investment in security receipts amounting to INR 63.89 millions (previous year : INR 1,838.08 millions) on account of lower/no recovery projections in those investments.

### 7 Other financial assets

Security deposits	50.27	50.32
Deposits placed with/ for exchange/ depositories	2.71	9.68
	<b>52.98</b>	<b>60.00</b>

### 8 Current tax assets (net)

Advance income taxes	711.08	533.98
(Net of Provision for income tax INR 6,672.57 millions (previous year : INR 6,205.98 millions)		
	<b>711.08</b>	<b>533.98</b>





# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

## 9 (A) 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	As at March 31, 2023
Property, Plant and Equipment							
Building *	1.49	-	-	1.49	0.28	0.06	0.34
Vehicles	0.26	-	0.15	0.11	0.11	0.02	0.08
Office equipment	0.53	0.01	0.03	0.51	0.32	0.06	0.05
Computers	23.15	3.94	8.39	18.70	14.70	5.85	0.37
Right of Use (ROU) -leasehold premises	2.55	-	2.55	-	0.38	-	12.73
Total	27.98	3.95	11.12	20.81	15.79	5.99	8.29
							13.49
							7.32

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	As at March 31, 2022
Property, Plant and Equipment							
Building *	1.49	-	-	1.49	0.21	0.07	0.28
Vehicles	0.40	-	0.14	0.26	0.04	0.09	0.11
Office equipment	0.53	-	-	0.53	0.23	0.09	0.32
Computers	13.92	9.41	0.18	23.15	10.06	4.69	14.70
Right of Use (ROU) -leasehold premises	2.55	-	-	2.55	0.22	0.16	0.38
Total	18.89	9.41	0.32	27.98	10.77	5.10	15.80
							12.18

## 9 (B)

### 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	As at March 31, 2023
Software	39.15	7.53	-	46.68	30.66	5.90	36.56
Total	39.15	7.53	-	46.68	30.66	5.90	10.12
							10.12

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	As at March 31, 2022
Software	39.04	0.11	-	39.15	25.13	5.52	30.66
Total	39.04	0.11	-	39.15	25.13	5.52	8.49
							8.49

- 1) No assets have been revalued during the year.
- 2) No adjustments on account of borrowing costs.

\* Charge against Secured Redeemable Non-convertible Debentures.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 10 Intangible assets under development

Description of Assets	Gross Block			
	As at April 01, 2022	Additions	Capitalization	As at March 31, 2023
Capital WIP - Software	3.49	6.36	-	9.85
<b>Total</b>	<b>3.49</b>	<b>6.36</b>	<b>-</b>	<b>9.85</b>

Description of Assets	Gross Block			
	As at April 01, 2021	Additions	Capitalization	As at March 31, 2022
Capital WIP - Software	0.38	3.11	-	3.49
<b>Total</b>	<b>0.38</b>	<b>3.11</b>	<b>-</b>	<b>3.49</b>

### 10 (A) Intangible assets under development aging schedule

As at March 31, 2023

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	6.36	3.49	-	-	9.85
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>6.36</b>	<b>3.49</b>	<b>-</b>	<b>-</b>	<b>9.85</b>

As at March 31, 2022

Intangible assets under development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	3.11	0.38	-	-	3.49
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>3.11</b>	<b>0.38</b>	<b>-</b>	<b>-</b>	<b>3.49</b>

### 10 (B) For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan:

As at March 31, 2023

Intangible assets under development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at March 31, 2022

Intangible assets under development	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in Progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

As at  
As at March 31, 2023 : March 31, 2022

### 11 Other non-financial assets

(Unsecured Considered good, unless stated otherwise)

Prepaid expenses	7.68	9.79
Vendor Advances	2.31	-
Advance to employees	0.85	0.83
Advances recoverable in cash or in kind or for value to be received	0.52	1.60
Others	2.95	7.55
	<b>14.31</b>	<b>19.77</b>

### 12 Trade Payables

Total outstanding dues of micro enterprises and small enterprises

Total outstanding dues to creditors other than micro enterprises and small enterprises

-  
99.36

-  
123.63

**99.36**

**123.63**

#### 12.1 Trade Payables ageing

As at March 31, 2023	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Payable - MSME	-	-	-	-	-
(ii) Undisputed Trade Payable - Others	99.36	-	-	-	99.36
<b>Total</b>	<b>99.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99.36</b>

As at March 31, 2022	Outstanding for following periods from due date of payment				Total
Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Payable - MSME	-	-	-	-	-
(ii) Undisputed Trade Payable - Others	123.63	-	-	-	123.63
<b>Total</b>	<b>123.63</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>123.63</b>

There are no disputed trade payables, hence the same is not disclosed in the ageing schedule.

Trade Payable includes NIL (Previous Year: NIL) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the company during the year to "Suppliers" registered under this Act. The aforementioned is based on the responses received by the company to its inquiries with suppliers with regard to applicability under the said Act.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

### 13. Debt securities

Particulars	March 31, 2023			
	At Amortised cost (1)	At Fair Value through Profit & Loss (2)	Designated at fair value through Profit and loss (3) *	Total 4 = (1+2+3)
<b>Secured</b>				
Debentures	18,476.81	-	8,869.51	27,346.32
<b>Total</b>	<b>18,476.81</b>	<b>-</b>	<b>8,869.51</b>	<b>27,346.32</b>
(i) Debt securities in India	18,476.81	-	8,869.51	27,346.32
(ii) Debt securities outside India	-	-	-	-
<b>Total</b>	<b>18,476.81</b>	<b>-</b>	<b>8,869.51</b>	<b>27,346.32</b>

Particulars	March 31, 2022			
	At Amortised cost (1)	At Fair Value through Profit & Loss (2)	Designated at fair value through Profit and loss (3) *	Total 4 = (1+2+3)
<b>Secured</b>				
Debentures	21,079.54	-	11,243.99	32,323.53
<b>Total</b>	<b>21,079.54</b>	<b>-</b>	<b>11,243.99</b>	<b>32,323.53</b>
(i) Debt securities in India	21,079.54	-	11,243.99	32,323.53
(ii) Debt securities outside India	-	-	-	-
<b>Total</b>	<b>21,079.54</b>	<b>-</b>	<b>11,243.99</b>	<b>32,323.53</b>

\* The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring liabilities or recognising gains or losses on them on a different basis.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 13.1 Following is the repayment terms of Debt Securities

As at March 31, 2023

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
2% (Refer Note 1 and 2)	273.59	-	6,424.50	6,698.09
11% - 12%(Refer Note 3)	11,250.00	-	-	11,250.00
Various (Benchmark Linked) (Refer Note 4)	364.50	909.80	2,921.20	4,195.50
Accrued Interest, Fair Value and EIR (Refer Notes 1 to 4)	1,723.70	167.21	3,311.82	5,202.73
<b>Total</b>	<b>13,611.79</b>	<b>1,077.01</b>	<b>12,657.51</b>	<b>27,346.32</b>

As at March 31, 2022

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
2% (Refer Note 1 and 2)	247.85	-	8,354.80	8,602.65
10% - 10.99%(Refer Note 4)	-	-	-	-
11% - 12%(Refer Note 3)	-	11,250.00	-	11,250.00
Various (Benchmark Linked) (Refer Note 4)	2,483.70	1,274.30	2,921.20	6,679.20
Accrued Interest, Fair Value and EIR (Refer Notes 1 to 4)	1,494.39	1,252.94	3,044.35	5,791.68
<b>Total</b>	<b>4,225.94</b>	<b>13,777.24</b>	<b>14,320.35</b>	<b>32,323.53</b>

#### Notes:

1. Coupon rate is 2% p.a. and additionally, conditional Interest being positive difference between the interest payment funds lying in the earmarked Escrow account from the recoveries in specified acquisitions and Coupon rate .
2. Secured by pari passu ranking charge on immovable property and pledge of Security Receipts.
3. Secured by pledge of specified security receipts and hypothecation over the Escrow Account Assets, Receivables and Others assets related to Escrow.
4. Secured by pari-passu charge on immovable property, hypothecation of Security Receipts and unconditional & irrevocable guarantee by Edelweiss Financial Services Limited.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

### 14. Borrowings (other than Debt securities)

March 31, 2023				
Particulars	At Amortised cost (1)	Fair value		Total 4 = (1+2+3)
		At Fair Value through Profit & Loss (2)	Designated at fair value through Profit and loss (3) *	
<b>Secured</b>				
(a) Term loans from banks	1,822.65	-	-	1,822.65
<b>Total</b>	<b>1,822.65</b>	<b>-</b>	<b>-</b>	<b>1,822.65</b>
(i) Borrowings in India	1,822.65			1,822.65
(ii) Borrowings outside India	-	-	-	-
<b>Total</b>	<b>1,822.65</b>	<b>-</b>	<b>-</b>	<b>1,822.65</b>

March 31, 2022				
Particulars	At Amortised cost (1)	Fair value		Total 4 = (1+2+3)
		At Fair Value through Profit & Loss (2)	Designated at fair value through Profit and loss (3) *	
<b>At Amortised cost</b>				
<b>Secured</b>				
(a) Term loans from banks	949.75	-	-	949.75
<b>Total</b>	<b>949.75</b>	<b>-</b>	<b>-</b>	<b>949.75</b>
(i) Borrowings in India	949.75	-	-	949.75
(ii) Borrowings outside India	-	-	-	-
<b>Total</b>	<b>949.75</b>	<b>-</b>	<b>-</b>	<b>949.75</b>





## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

### 14.1 Following is the repayment terms of term loans: Term loans from Banks - Secured

As at March 31, 2023

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest				
10% - 10.99%(Refer Note 1)	347.58	281.25	75.00	703.83
11% - 11.99%(Refer Note 1)	362.50	46.88	-	409.38
12% - 12.99%(Refer Note 1)	-	700.00	-	700.00
Accrued Interest and EIR (Refer Note 1 and 2)	-	-	9.44	9.44
<b>Total</b>	<b>710.08</b>	<b>1,028.13</b>	<b>84.44</b>	<b>1,822.65</b>

As at March 31, 2022

Maturities	<1 years	1-3 years	> 3 years	Total
Rate of Interest	-	-	-	-
9% - 9.99% (Refer Note 1)	-	-	-	-
10% - 10.99%(Refer Note 1)	638.92	259.38	56.25	954.55
Accrued Interest and EIR (Refer Note 1 and 2)	-	-	(4.80)	(4.80)
<b>Total</b>	<b>638.92</b>	<b>259.38</b>	<b>51.45</b>	<b>949.75</b>

Notes:

1. Secured by pledge of security receipts.
2. Secured by Hypothecation of security receipts.



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>15. Other financial liabilities</b>		
Accrued salaries and benefits	401.21	252.87
Lease Liability (Refer Note 34.3)	-	2.14
Payable for ESOP (Refer Note 27)	5.09	1.76
	<b>406.30</b>	<b>256.77</b>
<b>16. Provisions</b>		
Provision for employee benefits		
Gratuity (Refer Note 31)	38.61	32.74
Compensated leave absences	7.04	6.76
Other provisions	9.56	3.15
	<b>55.21</b>	<b>42.65</b>
<b>17. Deferred tax liabilities (net) (Refer Note 29.1)</b>		
<b>Deferred tax assets</b>		
Provision for expected credit losses	120.38	124.81
Fair valuation of investments	773.30	415.76
Employee benefit obligations	11.49	9.94
ESOP Perquisite	4.01	4.01
Others	67.62	96.97
	<b>976.80</b>	<b>651.49</b>
<b>Deferred tax liabilities</b>		
Share of Loss in Securitisation Trusts	1,186.73	1,126.02
	<b>1,186.73</b>	<b>1,126.02</b>
	<b>209.93</b>	<b>474.53</b>
<b>18. Other non-financial liabilities</b>		
Unearned revenue	878.58	1,340.43
Taxes payable	128.38	141.08
Others	581.02	379.52
	<b>1,587.98</b>	<b>1,861.04</b>



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

	As at March 31, 2023	As at March 31, 2022
<b>19. Equity share capital</b>		
Authorised :		
500,000,000 (Previous year: 500,000,000) Equity Shares of Rs. 10 each	5,000.00	5,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued, Subscribed and Paid up:		
263,252,895 (Previous year: 263,252,895) equity shares of Re.10 each, fully paid-up	2,632.53	2,632.53
	<u>2,632.53</u>	<u>2,632.53</u>

## a. Movement in share capital :

	March 31, 2023		March 31, 2022	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	26,32,52,895	2,632.53	21,05,26,316	2,105.26
Shares issued during the year	-	-	5,27,26,579	527.27
Outstanding at the end of the year	<u>26,32,52,895</u>	<u>2,632.53</u>	<u>26,32,52,895</u>	<u>2,632.53</u>

During the year ended March 31, 2023, post receipt of approval from RBI, Edelweiss Securities Limited ("ESL") transferred 6,89,09,148 equity shares to Edelweiss Securities and Investment Private Limited ("ESIP"). ESIP holds 10,51,27,780 equity shares representing 39.934% of total paid up equity share capital of the Company and ESL ceases to be the shareholder of the Company. Post transfer, Edelweiss Securities and Investment Private Limited has become one of the sponsors of the Company.

During the previous year ended March 31, 2022, on receipt of approval from RBI, the Company has converted 3,32,00,000 Compulsorily Convertible Preference Shares (CCPS) held by CDPQ Private Equity Asia Pte Limited ("CDPQ") into 5,26,31,579 Equity Shares of Rs. 10 each of the Company. Post the conversion, CDPQ has become one of the sponsors of EARC holding 20% of the total paid up equity share capital of the Company.

## b. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of Re 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2023		As at March 31, 2022	
	No of shares	% holding	No of shares	% holding
<b>Holding company</b>				
Edelweiss Financial Services Limited	-	-	2,08,17,286	7.91
<b>Fellow subsidiaries</b>				
Edelweiss Securities Limited	-	-	6,89,09,148	26.18
Edelweiss Securities and Investment Private Limited	10,51,27,780	39.93	2,49,87,577	9.49
Edelcap Securities Limited	1,05,64,536	4.01	1,05,64,536	4.01
Ecap Equities Limited (erstwhile Edel Land Limited)	2,09,64,082	7.96	1,04,82,041	3.98
Ecap Securities & Investments Limited (erstwhile Ecap Equities Limited)	2,08,17,286	7.91	1,04,82,041	3.98
Edel Finance Company Limited	-	-	60,49,218	2.30
Edelweiss Rural & Corporate Services Limited (erstwhile known as Edelweiss Commodities Services Limited)	-	-	51,81,837	1.97
	<u>15,74,73,684</u>	<u>59.82</u>	<u>15,74,73,684</u>	<u>59.82</u>

## d. Details of shares held by promoters in the Company

	As at March 31, 2023		
Promoter name	No. of Shares	% of total shares	% Change during the year
Edelweiss Securities Limited	-	-	-26.18
Edelweiss Rural & Corporate Services Limited (erstwhile known as Edelweiss Commodities Services Limited)	-	-	-1.97
Edelweiss Financial Services Limited	-	-	-7.91
Ecap Securities & Investments Limited (erstwhile Ecap Equities Limited)	2,08,17,286	7.91	3.93
Edel Finance Company Limited	-	-	2.30
Edelcap Securities Limited	1,05,64,536	4.01	-
Ecap Equities Limited (erstwhile Edel Land Limited)	2,09,64,082	7.96	3.98
Edelweiss Securities and Investment Private Limited	10,51,27,780	39.93	30.44

	As at March 31, 2022		
Promoter name	No. of Shares	% of total shares	% Change during the year
Edelweiss Securities Limited	6,89,09,148	26.18	-6.55
Edelweiss Securities and Investment Private Limited	2,49,87,577	9.49	9.49
Edelweiss Financial Services Limited	2,08,17,286	7.91	-1.98
Edelcap Securities Limited	1,05,64,536	4.01	-1.01
Ecap Securities & Investments Limited (erstwhile Ecap Equities Limited)	1,04,82,041	3.98	-1.00
Ecap Equities Limited (erstwhile Edel Land Limited)	1,04,82,041	3.98	-1.00
Edel Finance Company Limited	60,49,218	2.30	2.30
Edelweiss Rural & Corporate Services Limited (erstwhile known as Edelweiss Commodities Services Limited)	51,81,837	1.97	-7.99
Edelweiss Finvest Limited	-	-	-7.25

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

	As at March 31, 2023		As at March 31, 2022	
Equity shareholders	No of shares	% holding	No of shares	% holding
Edelweiss Securities Limited	-	-	6,89,09,148	26.18
CDPQ Private Equity Asia PTE Ltd.	5,26,31,579	19.99	5,26,31,579	19.99
Edelweiss Securities and Investment Private Limited	10,51,27,780	39.93	2,49,87,577	9.49
Reeta Kuhad	2,12,00,000	8.05	2,12,00,000	8.05
Edelweiss Financial Services Limited	-	-	2,08,17,286	7.91
Ecap Equities Limited (erstwhile Edel Land Limited)	2,09,64,082	7.96	-	-
Ecap Securities & Investments Limited (erstwhile Ecap Equities Limited)	2,08,17,286	7.91	-	-
	<u>22,07,40,727</u>	<u>83.85</u>	<u>18,85,45,590</u>	<u>71.62</u>



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 20. Instruments entirely equity in nature

Authorised :  
250,000,000 (Previous year: 250,000,000) Preference Shares of Rs. 10 each 2,500.00 2,500.00

Issued, Subscribed and Paid up:  
33,200,000 (Previous year: 33,200,000) 0.001% Compulsorily convertible non-cumulative preference shares of Rs. 10 each, fully paid up

-	-
-	-

Terms/rights attached to Compulsorily Convertible preference shares:

During the previous year ended March 31, 2022, on receipt of approval from RBI, the Company has converted 3,32,00,000 Compulsorily Convertible Preference Shares (CCPS) held by CDPQ Private Equity Asia Pte Limited ("CDPQ") into 5,26,31,579 Equity Shares of Rs. 10 each of the Company. Post the conversion, CDPQ has become one of the sponsors of EARC holding 20% of the total paid up equity share capital of the Company.

### 21. Other Equity

	As at March 31, 2023	As at March 31, 2022
Securities premium account		
Opening Balance	5,777.93	5,964.46
Add : Additions	-	(186.53)
Closing Balance	5,777.93	5,777.93
Debenture redemption reserve		
Opening Balance	630.62	884.38
Less : Transfer to Retained Earnings during the year	(192.11)	(253.76)
Closing Balance	438.51	630.62
Impairment reserve		
Opening Balance	2,047.23	1,796.99
Add : Additions during the year	262.77	250.24
Closing Balance	2,310.00	2,047.23
Deemed capital contribution - ESOP		
Opening Balance	15.93	15.93
Add : Additions during the year	-	-
Closing Balance	15.93	15.93
Retained earnings		
Opening Balance	13,652.31	11,120.84
Add: Reversal on ESOP/SAR on cancellation/lapses post vesting	3.00	4.75
Add: Profit for the year	3,183.93	2,526.72
Add: Other comprehensive loss for the year	(2.20)	(3.52)
	-	-
Amount available for appropriation	16,837.04	13,648.79
Appropriations:		
Dividend on Preference Shares*	-	-
Dividend distribution tax*	-	-
Transfer from Debenture redemption reserve	(192.11)	(253.76)
Transfer to Impairment reserve	262.77	250.24
Closing Balance	16,766.38	13,652.31
Other equity total	25,308.75	22,124.02

\*Dividend on Preference Shares amount of Rs.NIL (Previous year : Rs.NIL) & Dividend distribution tax of Rs.NIL (Previous year : NIL).

#### Securities premium account

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

#### Debenture redemption reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. The Company is required to transfer a specified percentage (as provided in the Companies Act, 2013) of the outstanding redeemable debentures to debenture redemption reserve. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings. Company has transferred back INR 192.11 million from DRR to retained earnings on account of repayment of debentures during the year.

According to the provisions of Rule (18) (7) (iii) of the Companies (Share Capital and Debentures) Rules, 2014, requirements of creation of Debenture Redemption Reserve are not applicable to listed companies.

#### Impairment Reserve

Pursuant to RBI circular no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, Reserve Bank of India (RBI) requires every Asset Reconstruction Company to create an Impairment Reserve by appropriating the difference between impairment allowance under Ind AS 109 and the provisioning required under earlier applicable Income Recognition, Asset Classification and Provisioning (IRACP) guidelines (including standard asset provisioning) from their net profit or loss after tax to the said Impairment Reserve. The balance in the 'Impairment Reserve' shall not be reckoned for regulatory capital. Further, no withdrawals are permitted from this reserve without prior permission from RBI.

#### Retained Earnings

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>22 Interest Income (at amortised cost)</b>		
Interest on Loans	475.26	720.64
Interest on deposits with Banks	210.97	92.92
	<b>686.23</b>	<b>813.56</b>
<b>23 Fee and commission income (net of impairment)</b>		
Advisory and other fees	7,097.68	9,151.09
	<b>7,097.68</b>	<b>9,151.09</b>

### Revenue from contract with customers

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

Particulars	Fees and commission income	Fees and commission income
Service transferred at a point in time	-	-
<b>Service transferred over time</b>		
Management Fees	5,074.52	8,010.42
Performance Fees	2,023.16	1,140.67
<b>Total revenue from contract with customers</b>	<b>7,097.68</b>	<b>9,151.09</b>
<b>24 Net gain/(loss) on fair value changes</b>		
<b>(A) Net loss on financial instruments at fair value through profit or loss</b>		
- Investments	(1,484.39)	(1,727.64)
Fair value loss*	(1,484.39)	(1,727.64)
<b>(B) Others</b>	<b>3,707.47</b>	<b>755.69</b>
Profit from Investment in security receipts	3,707.47	755.69
<b>Total Net gain/(loss) on fair value changes (C) = (A+B)</b>	<b>2,223.08</b>	<b>(971.95)</b>
<b>Fair value changes:</b>		
- Realised	1,797.82	305.81
- Unrealised	425.26	(1,277.76)
<b>Total Net gain/loss on fair value changes (D)</b>	<b>2,223.08</b>	<b>(971.95)</b>

\* During the year, the company has written-off investment in security receipts amounting to INR 63.89 millions (previous year : INR 1,838.08 millions) on account of lower/no recovery projections in those investments.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

### 25. Finance Costs

Particulars	For the year ended March 31, 2023		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
Interest on debt securities	1,431.22	2,847.31	4,278.53
Interest on borrowings	-	164.07	164.07
Other finance cost	-	32.92	32.92
<b>Total</b>	<b>1,431.22</b>	<b>3,044.30</b>	<b>4,475.52</b>

Particulars	For the year ended March 31, 2022		
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	Total
Interest on debt securities	1,396.44	3,056.33	4,452.77
Interest on borrowings	-	50.94	50.94
Other finance cost	-	46.23	46.23
<b>Total</b>	<b>1,396.44</b>	<b>3,153.50</b>	<b>4,549.94</b>

### 26. Impairment on financial instruments

Particulars	For the year ended March 31, 2023		
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
Loans	-	(17.59)	(17.59)
Loan write off	-	27.48	27.48
<b>Total</b>	<b>-</b>	<b>9.89</b>	<b>9.89</b>

Particulars	For the year ended March 31, 2022		
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	Total
Loans	-	(27.86)	(27.86)
<b>Total</b>	<b>-</b>	<b>(27.86)</b>	<b>(27.86)</b>





## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>27. Employee benefit expenses</b>		
Salaries and wages	751.24	633.54
Contribution to provident and other funds (refer note 31)	28.37	27.85
Expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	2.29	3.60
Staff welfare expenses	25.44	14.15
Employee Stock Appreciation Rights	1.93	3.77
	<b>809.27</b>	<b>682.91</b>

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

## 28. Other expenses

Advertisement and business promotion	0.36	0.49
Auditors' remuneration (refer note (a) below)	8.92	12.15
Directors' sitting fees	5.47	2.87
Insurance	4.49	4.79
Legal Fees	15.11	47.84
Printing and stationery	1.91	0.44
Rates and taxes	72.95	40.12
Rent	69.96	50.67
Repairs and maintenance	0.06	1.18
Electricity charges	2.65	1.44
Corporate social responsibility (refer note (b) below)	95.00	90.70
Rating support fees	3.39	3.30
Office expenses	75.72	55.00
ROC Expenses	0.01	0.00
Stamp duty	0.06	0.88
Travelling and conveyance	9.19	15.84
Miscellaneous expenses	44.32	19.75
	<b>409.57</b>	<b>347.46</b>

Note (a):

Auditors' remuneration:

As Auditor	8.60	11.02
Other services	0.10	1.00
Towards reimbursement of expenses	0.22	0.13
	<b>8.92</b>	<b>12.15</b>

Note (b):

Details of CSR Expenditure

	For the year ended March 31, 2023	For the year ended March 31, 2022
a) Gross amount required to be spent by the company during the year	95.00	90.70
<b>Sr. No. Amount spent during the year ended March 31, 2023</b>	<b>Paid</b>	<b>Yet to be paid</b>
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	95.00	-
<b>Sr. No. Amount spent during the year ended March 31, 2022</b>	<b>Paid</b>	<b>Yet to be paid</b>
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	90.70	-

In respect of ongoing projects, there are no unspent amount. Accordingly, no amount is required to be transferred to the special account.  
In respect of other than ongoing projects, there are no unspent amount. Accordingly, no amount is required to be transferred to the Fund.



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

### 29. Income Tax

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

Particulars	2022-23	2021-22
Current tax	1,354.93	824.41
Adjustment in respect of current income tax of prior years	15.53	12.98
Deferred tax relating to origination and reversal of temporary differences	(263.86)	65.52
<b>Total tax expense</b>	<b>1,106.60</b>	<b>902.91</b>
<b>Total Current Tax</b>	<b>1,370.46</b>	<b>837.39</b>
<b>Total Deferred Tax</b>	<b>(263.86)</b>	<b>65.52</b>

Break-up of Recognition of Current Tax	2022-23	2021-22
In P&L	1,370.46	837.39
in OCI	-	-

### Reconciliation of the total tax expense

The tax expense shown in the statement of profit and loss differs from the tax expense that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and 2022 is, as follows:

Particulars	2022-23	2021-22
Profit before tax	4,290.53	3,429.63
Tax rate	25.17%	25.17%
Income tax expense calculated based on above tax rate	1,079.93	863.24
Adjustment in respect of income tax of prior years	15.53	12.98
Effect of non-deductible expenses	0.00	0.03
CSR Expenditure disallowance	23.91	22.83
Others	(12.77)	3.83
<b>Tax expense recognised in profit or loss</b>	<b>1,106.60</b>	<b>902.91</b>
<b>Effective Income Tax Rate</b>	<b>25.43%</b>	<b>25.95%</b>



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 29.1 Components of deferred tax

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

March 31, 2023	Opening deferred tax asset/(liability)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Others	Total Movement	Closing deferred tax asset/(liability)
<b>Deferred taxes in relation to:</b>							
Investments in Security Receipts	415.76	357.54	-	-	-	357.54	773.30
Trade Receivables	96.97	(30.01)	-	-	-	(30.01)	66.96
Share of Loss in Securitisation Trusts	(1,126.02)	(60.71)	-	-	-	(60.71)	(1,186.73)
ECL on Loans	124.81	(4.43)	-	-	-	(4.43)	120.38
ESOP cost	4.01	-	-	-	-	-	4.01
Others	9.93	1.47	0.73	-	-	2.22	12.15
<b>Total</b>	<b>(474.53)</b>	<b>263.86</b>	<b>0.73</b>	<b>-</b>	<b>-</b>	<b>264.61</b>	<b>(209.93)</b>

March 31, 2022	Opening deferred tax asset/(liability)	Recognised in profit or loss	Recognised in other comprehensive income	Recognised directly in equity	Others	Total Movement	Closing deferred tax asset/(liability)
<b>Deferred taxes in relation to:</b>							
Investments in Security Receipts	441.77	(26.01)	-	-	-	(26.01)	415.76
Trade Receivables	137.48	(40.51)	-	-	-	(40.51)	96.97
Share of Loss in Securitisation Trusts	(1,132.67)	6.65	-	-	-	6.65	(1,126.02)
ECL on Loans	131.82	(7.01)	-	-	-	(7.01)	124.81
ESOP cost	4.01	-	-	-	-	-	4.01
Others	7.41	1.36	1.18	-	-	2.53	9.93
<b>Total</b>	<b>(410.18)</b>	<b>(65.52)</b>	<b>1.18</b>	<b>-</b>	<b>-</b>	<b>(64.35)</b>	<b>(474.53)</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 30. Basic and Diluted Earnings per share

Particulars	March 31, 2023	March 31, 2022
(a) Shareholders earnings (as per statement of profit and loss)	3,183.93	2,526.72
(b) Calculation of weighted average number of equity shares of Rs 10 each:		
- Number of shares at the beginning of the year	26,32,52,895	21,05,26,316
- Conversion of Compulsorily Convertible Preference Shares into Equity Shares	-	5,26,31,579
- Shares issued during the year	-	95,000
Total number of equity shares outstanding at the end of the year	26,32,52,895	26,32,52,895
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	26,32,52,895	24,02,30,974
Number of dilutive potential equity shares	-	-
Weighted average number of diluted equity shares outstanding during the year (based on the date of issue of shares)	26,32,52,895	24,02,30,974
(c) Basic earnings per share of face value of Rs.10 (in rupees)	12.09	10.52
(d) Diluted earnings per share of face value of Rs.10 (in rupees)	12.09	10.52



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued) (Currency: Indian rupees in millions)

### 31. Retirement Benefit Plan

#### A) Defined contribution plan (Provident fund and National Pension Scheme):

Amount of ₹ 23.59 million (Previous year: ₹ 20.48 million) is recognised as expenses and included in "Employee benefit expense" – Note 27 in the statement of Profit and loss.

#### B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the statement of profit and loss and the funded and unfunded

#### 1: Reconciliation of Defined Benefit Obligation (DBO)

	March 31, 2023	March 31, 2022
<b>Present value of DBO at start of the year</b>	<b>32.74</b>	<b>24.03</b>
Service Cost		
a. Current Service Cost	6.30	5.46
b. Past Service Cost	-	-
c. Loss/ (Gain) from Settlement	-	-
Interest Cost	1.80	1.24
Benefits Paid	(2.94)	(3.39)
Re-measurements	-	-
a. Actuarial Loss/ (Gain) from changes in demographic assumptions	-	2.11
b. Actuarial Loss/ (Gain) from changes in financial assumptions	(2.51)	(1.11)
c. Actuarial Loss/ (Gain) from experience over the past year	5.44	3.70
Effect of acquisition/ (divestiture)	-	-
Changes in foreign exchange rates	-	-
Transfer In/ (Out)	(2.22)	0.70
<b>Present value of DBO at end of the year</b>	<b>38.61</b>	<b>32.74</b>

#### 2: Reconciliation of Fair Value of Plan Assets

	March 31, 2023	March 31, 2022
<b>Fair Value of Plan Assets at start of the year</b>	<b>-</b>	<b>-</b>
Contributions by Employer	2.94	3.39
Benefits Paid	(2.94)	(3.39)
Interest Income on Plan Assets	-	-
Re-measurements	-	-
Return on Plan assets, excluding amount included in net interest on the net defined benefit liability/ (asset)	-	-
Effect of acquisition/ (divestiture)	-	-
Changes in foreign exchange rates	-	-
Transfer In/ (Out)	-	-
<b>Fair Value of Plan Assets at end of the year</b>	<b>-</b>	<b>-</b>
Actual Return on Plan Assets	-	-
Expected Employer Contributions for the coming year	-	-

#### 3: Expenses recognised in the Profit and Loss Account

	March 31, 2023	March 31, 2022
<b>Service Cost</b>		
a. Current Service Cost	6.30	5.46
b. Past Service Cost	-	-
c. Loss/ (Gain) from Settlement	-	-
Net Interest on net defined benefit liability/ (asset)	1.80	1.24
Changes in foreign exchange rates	-	-
<b>Employer Expenses/ (Income)</b>	<b>8.10</b>	<b>6.70</b>

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

	March 31, 2023	March 31, 2022
Present Value of DBO	38.61	32.74
Fair Value of Plan Assets	-	-
<b>Liability/ (Asset) recognised in the Balance Sheet</b>	<b>38.61</b>	<b>32.74</b>
<b>Funded Status [Surplus/ (Deficit)]</b>	<b>(38.61)</b>	<b>(32.74)</b>
<b>Of Which, Short term Liability</b>	<b>5.75</b>	<b>3.50</b>
<b>Experience Adjustment on Plan Liabilities: (Gain)/ Loss</b>	<b>5.45</b>	<b>3.70</b>



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 5: Actuarial Assumptions

	March 31, 2023	March 31, 2022
Salary Growth Rate (% p.a.)	7.00%	7.00%
Discount Rate (% p.a.)	7.10%	5.90%
Withdrawal Rate (% p.a.)	16.00%	16.00%
Mortality	IALM 2012-14 (Ultimate)	IALM 2012-14 (Ultimate)
Interest Rate on Net DBO/ (Asset) (% p.a.)	5.90%	5.00%
Expected Weighted Average Remaining Working Life (years)	3.50	4.00

#### 6: Movement in Other Comprehensive Income

	March 31, 2023	March 31, 2022
Balance at start of year (Loss)/ Gain	(7.09)	(2.39)
Re-measurements on DBO	-	-
a. Actuarial (Loss)/ Gain from changes in demographic assumptions	-	(2.11)
b. Actuarial (Loss)/ Gain from changes in financial assumptions	2.51	1.11
c. Actuarial (Loss)/ Gain from experience over the past year	(5.44)	(3.70)
Balance at end of year (Loss)/ Gain	(10.02)	(7.09)

#### 7: Sensitivity Analysis

DBO increases/ (decreases) by	March 31, 2023	March 31, 2022
1% Increase in Salary Growth Rate	1.93	1.91
1% Decrease in Salary Growth Rate	(1.80)	(1.77)
1% Increase in Discount Rate	(1.78)	(1.77)
1% Decrease in Discount Rate	1.95	1.94
1% Increase in Withdrawal Rate	0.01	(0.10)
1% Decrease in Withdrawal Rate	(0.01)	0.11
Mortality (increase in expected lifetime by 1 year)	-	2.00
Mortality (increase in expected lifetime by 3 years)	(0.00)	6.00

Note: 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.

#### 8: Movement in Surplus/ (Deficit)

	March 31, 2023	March 31, 2022
Surplus/ (Deficit) at start of year	(32.74)	(24.03)
Net (Acquisition)/ Divestiture	-	-
Net Transfer (In)/ Out	2.22	(0.70)
Movement during the year	-	-
Current Service Cost	(6.30)	(5.46)
Past Service Cost	-	-
Net Interest on net DBO	(1.80)	(1.24)
Changes in Foreign Exchange Rates	-	-
Re-measurements	(2.93)	(4.70)
Contributions	2.94	3.39
Surplus/ (Deficit) at end of year	(38.61)	(32.74)

#### 9: Other Disclosures

##### Description of ALM Policy

As the plan is unfunded, an ALM policy is not applicable.

##### Description of funding arrangements and funding policy that affect future contributions

The plan is unfunded and the status is unlikely to change over the next few years.

##### Maturity profile

The average expected remaining lifetime of the plan members is 3.5 years (March 31, 2022: 4 years) as at the date of valuation. This represents the weighted average of the expected remaining lifetime of all plan participants.





## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 32. Maturity analysis of assets and liabilities

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

Particulars	March 31, 2023			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	8,643.06	-	8,643.06	6,449.23	-	6,449.23
Other bank balances	923.75	0.23	923.98	907.38	0.33	907.71
Trade receivables	1,466.30	673.08	2,139.38	2,240.40	392.96	2,633.36
Loans	2,317.58	245.57	2,563.15	2,244.46	430.48	2,674.94
Investments	13,105.33	31,288.47	44,393.80	7,087.50	40,397.80	47,485.30
Other financial assets	-	52.98	52.98	-	60.00	60.00
	26,456.02	32,260.33	58,716.35	18,928.97	41,281.57	60,210.54
<b>Non-financial assets</b>						
Current tax assets (net)	-	711.08	711.08	-	533.98	533.98
Property, plant and equipment	-	7.32	7.32	-	12.18	12.18
Other intangible assets	-	19.97	19.97	-	11.98	11.98
Other non-financial assets	14.31	-	14.31	16.66	3.11	19.77
	14.31	738.37	752.68	16.66	561.25	577.91
<b>Total assets</b>	<b>26,470.33</b>	<b>32,998.70</b>	<b>59,469.03</b>	<b>18,945.63</b>	<b>41,842.82</b>	<b>60,788.45</b>

Particulars	March 31, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Trade payables	99.36	-	99.36	123.63	-	123.63
Debt securities	13,611.80	13,734.52	27,346.32	4,225.94	28,097.59	32,323.53
Borrowing (other than debt securities)	710.08	1,112.57	1,822.65	638.92	310.83	949.75
Other financial liabilities	406.30	-	406.30	256.77	-	256.77
	14,827.54	14,847.09	29,674.63	5,245.26	28,408.42	33,653.68
<b>Non-financial liabilities</b>						
Provisions	15.31	39.90	55.21	7.88	34.77	42.65
Deferred tax liabilities (net)	-	209.93	209.93	-	474.53	474.53
Other non-financial liabilities	1,466.23	121.75	1,587.98	1,463.32	397.72	1,861.04
	1,481.54	371.58	1,853.12	1,471.20	907.02	2,378.22
<b>Total liabilities</b>	<b>16,309.07</b>	<b>15,218.68</b>	<b>31,527.75</b>	<b>6,716.46</b>	<b>29,315.44</b>	<b>36,031.90</b>

For the assets and liabilities mentioned above where no contractual maturity is available, the management has done an assessment to arrive at the probable maturity timeline based on some assumptions and estimates.



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

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

Particulars	April 01, 2022	Cash flows	Changes in fair values	Exchange differences	Others*	March 31, 2023
Debt securities	32,323.53	(4,388.26)	(348.09)	-	(240.86)	27,346.32
Borrowings other than debt securities	949.75	858.66	-	-	14.24	1,822.65
Deposits	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	256.77	149.53	-	-	-	406.30
Embedded derivatives in nifty linked debentures issued	-	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>33,530.05</b>	<b>(3,380.07)</b>	<b>(348.09)</b>	<b>-</b>	<b>(226.62)</b>	<b>29,575.27</b>

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

Particulars	April 01, 2021	Cash flows	Changes in fair values	Exchange differences	Others*	March 31, 2022
Debt securities	35,799.53	(3,977.72)	(41.13)	-	542.85	32,323.53
Borrowings other than debt securities	230.04	720.17	-	-	(0.46)	949.75
Deposits	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-
Other financial liabilities	166.23	90.54	-	-	-	256.77
Embedded derivatives in nifty linked debentures issued	-	-	-	-	-	-
<b>Total liabilities from financing activities</b>	<b>36,195.80</b>	<b>(3,167.01)</b>	<b>(41.13)</b>	<b>-</b>	<b>542.39</b>	<b>33,530.05</b>

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



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 34. Contingent liabilities, commitments and lease arrangements

##### 34.1. Legal claims

There are no legal claims against the company as on March 31, 2023 and as on March 31, 2022

##### 34.2. Contingent liabilities and assets

Particulars	March 31, 2023	March 31, 2022
Claims against the Company not acknowledged as debt	-	-

##### 34.3 Lease commitments - Company as a lessee

The company has entered into commercial leases for premises and equipment. Future minimum lease payments under non-cancellable leases as at 31 March are, as follows:

Particulars	March 31, 2023	March 31, 2022
Within one year	-	44.40
After one year but not more than five years	-	-
More than five years	-	-
<b>Total</b>	<b>-</b>	<b>44.40</b>

This note provides information for leases where the company is a lessee.

##### Right-of-use assets

Particulars	March 31, 2023	March 31, 2022
Opening	2.21	2.37
Addition	-	-
Deletion	(2.21)	-
Depreciation expense	-	(0.16)
<b>Closing</b>	<b>-</b>	<b>2.21</b>

##### Lease liability

Particulars	March 31, 2023	March 31, 2022
Opening	2.14	2.23
Addition (net)	-	-
Accretion of interest	-	0.08
Payments	(2.14)	(0.17)
<b>Closing</b>	<b>-</b>	<b>2.14</b>

The statement of profit or loss shows the following amounts relating to leases

	2022-2023	2021-2022
Depreciation expense on right of use assets	-	0.16
Interest expense on lease liability	-	0.08
Expenses related to short term lease (included in other expenses)	64.31	44.40
<b>Total amount recognised in profit and loss</b>	<b>64.31</b>	<b>44.64</b>



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

#### 35. Related Party Disclosures

##### List of Related Parties

##### A) Where control exists:

Holding Company : Edelweiss Financial Services Limited (w.e.f. 16th September 2016)

##### B) Other Related Parties:

##### Fellow subsidiaries

Name of Entity	Name of Entity	Name of Entity
ECap Securities & Investments Limited (formerly known as ECap Equities Limited)	EARC TRUST SC - 318 (upto 31st December 2022)	EARC TRUST SC - 401
Edelweiss Investment Adviser Limited	EARC TRUST SC - 321 (upto 31st December 2022)	EARC TRUST SC - 402
ECap Equities Limited (formerly known as Edel Land Limited)	EARC TRUST SC - 325	EARC TRUST SC - 405
Edelweiss Tokio Life Insurance Company Limited	EARC TRUST SC - 329	EARC TRUST SC - 406
ECL Finance Limited	EARC TRUST SC - 331	EARC TRUST SC - 410
Edelweiss Retail Finance Limited	EARC TRUST SC - 332	EARC TRUST SC - 412
Edelweiss Housing Finance Limited	EARC TRUST SC - 334	EARC TRUST SC - 413
Edelweiss Financial Services Limited	EARC TRUST SC - 342 (upto 31st December 2022)	EARC TRUST SC - 415
Edelweiss Rural & Corporate Services Limited	EARC TRUST SC - 344	EARC TRUST SC - 416
Edelweiss Alternative Asset Advisors Limited	EARC TRUST SC - 347	EARC TRUST SC - 417
Edelgive Foundation	EARC TRUST SC - 348	EARC TRUST SC - 418
Sekura India Management Limited	EARC TRUST SC - 349 (upto 31st December 2022)	EARC TRUST SC - 421
Edelweiss Asset Management Limited	EARC TRUST SC - 351	EARC TRUST SC - 422
Edelweiss Real Assets Managers Limited	EARC TRUST SC - 352	EARC TRUST SC - 423
India Credit Investment Fund II	EARC TRUST SC - 357	EARC TRUST SC - 424
Edel Finance Company Limited (Formerly Edelweiss Finvest Pvt Ltd)	EARC TRUST SC - 360	EARC TRUST SC - 425
EARC TRUST SC - 6	EARC TRUST SC - 361	EARC TRUST SC - 427
EARC TRUST SC - 7	EARC TRUST SC - 363	EARC TRUST SC - 428
EARC TRUST SC - 9	EARC TRUST SC - 370	EARC TRUST SC - 429
EARC TRUST SC - 102	EARC TRUST SC - 372	EARC TRUST SC - 430
EARC TRUST SC - 109	EARC TRUST SC - 373	EARC TRUST SC - 431
EARC TRUST SC - 112	EARC TRUST SC - 374	EARC TRUST SC 434
EARC TRUST SC - 130	EARC TRUST SC - 375	EARC TRUST SC 436
EARC SAF 1 TRUST INVESTOR ACCOUNT (upto 31st December 2022)	EARC TRUST SC - 376	EARC TRUST SC 440
EARC SAF-2 TRUST	EARC TRUST SC - 377	EARC TRUST SC 441
EARC SAF-3 TRUST (upto 31st December 2022)	EARC TRUST SC - 378	EARC TRUST SC 442
EARC TRUST SC - 223 (upto 31st December 2022)	EARC TRUST SC - 380	EARC TRUST SC 443
EARC TRUST SC - 227	EARC TRUST SC - 381	EARC TRUST SC 444
EARC TRUST SC - 228	EARC TRUST SC - 383	EARC TRUST SC 447
EARC TRUST SC - 229	EARC TRUST SC - 384	EARC TRUST SC 448
EARC TRUST SC - 238	EARC TRUST SC - 385	EARC TRUST SC 449
EARC TRUST SC - 245	EARC TRUST SC - 386	EARC TRUST SC 451
EARC TRUST SC - 251	EARC TRUST SC - 387	EARC TRUST SC 452
EARC TRUST SC - 262	EARC TRUST SC - 388	EARC TRUST SC 459
EARC TRUST SC - 263	EARC TRUST SC - 391	EARC TRUST SC 461
EARC TRUST SC - 266	EARC TRUST SC - 392	EARC TRUST SC 462
EARC TRUST SC - 293 (upto 31st December 2022)	EARC TRUST SC - 393	EARC TRUST SC 477
EARC TRUST SC - 297 (upto 31st December 2022)	EARC TRUST SC - 394	EARC TRUST SC 481
EARC TRUST SC - 298	EARC TRUST SC - 395	EARC TRUST SC 482
EARC TRUST SC - 306	EARC TRUST SC - 396	EARC TRUST SC 483
EARC TRUST SC - 308	EARC TRUST SC - 397	EARC TRUST SC 484
EARC TRUST SC - 314	EARC TRUST SC - 399 (upto 31st December 2022)	

##### Fellow Associates

##### Name of Entity

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

##### C) Key Management Personnel

Mr. Raj Kumar Bansal  
Mr. Pudugramam Narayanaswamy Venkatachalam  
Mr. Mohan Vasant Tanksale  
Mr. Manish Sanghi  
Mr. Shiva Kumar (from July 22, 2022)  
Mr. Sushil Kumar Roongta (from January 20, 2021 to May 24, 2021)  
Mr. Ashwani Kumar, CFO



# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

### 35. Related Party Disclosures

Sr. No.	Nature of Transaction	Related Party Name	From April 01, 2022 to March 31, 2023	From April 01, 2021 to March 31, 2022
D)	<b>Transactions with related parties as stated above</b>			
1	Non-convertible debentures Redeemed to	ECap Securities & Investments Limited (formerly known as ECap Equities Limited)	-	3,023.49
		Edelweiss Investment Adviser Limited	352.89	191.63
		ECap Equities Limited (formerly known as Edel Land Limited)	182.35	-
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	1,705.52	-
		Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited)	0.77	-
		Edelweiss Tokio Life Insurance Company Limited	23.96	-
2	KMP remuneration	KMP Remuneration	47.33	41.50
		Mr. Pudugramam Narayanaswamy Venkatachalam	2.33	0.96
		Mr. Mohan Vasant Tanksale	2.54	0.87
		Mr. Manish Sanghi	2.43	1.00
		Mr. Sushil Kumar Roongta	-	0.05
		Mr. Shiva Kumar	0.58	-
3	Income received from	ECL Finance Limited	287.71	830.57
		Edelweiss Retail Finance Limited	3.94	19.68
		Edelweiss Housing Finance Limited	22.14	73.98
		Edelweiss Financial Services Limited	509.93	98.31
4	Rating & Corporate Guarantee support fees paid to	Edelweiss Financial Services Limited	30.13	45.13
5	Rating Support Fees	Edelweiss Rural & Corporate Services Limited	-	0.07
6	Interest expense on debentures	Edelweiss Investment Adviser Limited	163.19	176.26
		ECap Equities Limited (formerly known as Edel Land Limited)	112.72	193.82
		Edelweiss Tokio Life Insurance Company Limited	65.62	-
7	Shared Premises Cost	Edelweiss Rural & Corporate Services Limited	64.31	44.73
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	(0.11)	0.98
8	Cost reimbursements paid to	Edelweiss Rural & Corporate Services Limited	36.28	30.10
		Edelweiss Financial Services Limited	5.80	8.80
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	0.10	-
		Edelweiss Alternative Asset Advisors Limited	1.82	0.63
		Nuvama Wealth Management Limited (formerly known as Edelweiss Securities Limited)	0.00	0.04
		ECap Securities & Investments Limited (formerly known as ECap Equities Limited)	-	0.17
9	Contribution towards corporate social responsibility	Edelgive Foundation	95.00	90.70
10	Transfer of gratuity liability on account of employee transfer from	Edelweiss Rural & Corporate Services Limited	0.87	0.81
		Edelweiss Alternative Asset Advisors Limited	-	0.20
11	Transfer of gratuity liability on account of employee transfer to	Edelweiss Alternative Asset Advisors Limited	3.10	0.03
		Sekura India Management Limited	-	0.13
		Edelweiss Asset Management Limited	-	0.10
		Edelweiss Real Assets Managers Limited	-	0.03
12	Management fees & other fees	Asset Reconstruction trusts - managed by the Company as trustee	403.51	253.09
13	Profit from investments in security receipts	Asset Reconstruction trusts - managed by the Company as trustee	1,767.31	325.53
14	Interest Income	Asset Reconstruction trusts - managed by the Company as trustee	20.51	13.51
15	Investment in Security Receipts	Asset Reconstruction trusts - managed by the Company as trustee	7,447.28	3,029.39
16	Redemption of Security Receipts	Asset Reconstruction trusts - managed by the Company as trustee	6,208.31	3,810.47
17	Loans and advances given/(repaid) (Net)	Asset Reconstruction trusts - managed by the Company as trustee	(217.06)	66.04
18	Purchase of Security Receipts	ECL Finance Limited	4,613.35	2,682.08
		Edelweiss Housing Finance Limited	319.70	-
		Edelweiss Retail Finance Limited	225.74	-
		India Credit Investment Fund II	980.00	-
19	Purchase of Fixed Asset from	ECL Finance Limited	-	0.00
		Edelweiss Alternative Asset Advisors Limited	0.21	-
20	Sale of Fixed Asset to	Edelweiss Asset Management Limited	-	0.00
		Nuvama Clearing Services Limited (formerly known as Edelweiss Custodial Services Limited)	-	0.00
		Edelweiss Alternative Asset Advisors Limited	0.29	-
		ECL Finance Limited	0.02	-



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

#### 35. Related Party Disclosures

E)	Balances with related parties as stated above			
21	Interest expense accrued and not due on borrowings from	Edelweiss Investment Adviser Limited	72.14	74.82
		ECap Equities Limited (formerly known as Edel Land Limited)	0.99	31.39
		Edelweiss Tokio Life Insurance Company Limited	0.45	-
22	Receivable from	ECL Finance Limited	114.44	10.16
		Edelweiss Financial Services Limited	19.25	23.62
		Edelweiss Retail Finance Limited	0.08	-
23	Payable to	Edelweiss Alternative Asset Advisors Limited	0.45	0.12
		Edelweiss Rural & Corporate Services Limited	16.73	8.25
		Edelweiss Financial Services Limited	9.74	8.29
		Nuvama Wealth and Investment Limited (formerly known as Edelweiss Broking Limited)	-	0.22
24	Non-convertible debentures held by	Edel Finance Company Limited (Formerly Edelweiss Finvest Pvt Ltd)	10.70	10.70
		Edelweiss Investment Adviser Limited	1,193.15	559.43
		ECap Equities Limited (formerly known as Edel Land Limited)	210.55	1,252.85
		Edelweiss Tokio Life Insurance Company Limited	475.83	-
		Nuvama Wealth Finance Limited (formerly known as Edelweiss Finance & Investments Limited)	1.80	6.50
25	Security Deposits	Edelweiss Rural & Corporate Services Limited	50.00	50.00
26	Management & other fees receivable	Asset Reconstruction trusts - managed by the Company as trustee	103.89	116.79
27	Investment in Security Receipts	Asset Reconstruction trusts - managed by the Company as trustee	21,366.06	15,822.58
28	Loans and advances given/(repaid) (Net)	Asset Reconstruction trusts - managed by the Company as trustee	(37.42)	177.85
29	Corporate Guarantee issued by	Edelweiss Financial Services Limited	16,277.80	18,800.60

\* Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment 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.





## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### E. Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group and its employees. The Company considers the members of the Board of Directors which include independent directors (and its sub-committees) and Executive Committee to be key management personnel for the purposes of Ind AS 24 Related Party Disclosures.

Particulars	March 31, 2023	March 31, 2022
Short-term employee benefits	47.33	41.50
Post-employment pension (defined contribution)	-	-
Termination benefits	-	-
<b>Total</b>	<b>47.33</b>	<b>41.50</b>

#### F. Transactions with key management personnel of the Company

The Company enters into transactions, arrangements and agreements involving directors, senior management and their business associates, or close family members, in the ordinary course of business under the same commercial and market terms, interest and commission rates that apply to non-related parties. The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year:

Particulars	March 31, 2023	March 31, 2022
Key management personnel of the Company	47.33	41.50

#### 36. Capital management

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

The company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

#### Regulatory capital

Particulars	March 31, 2023	March 31, 2022
Common Equity Tier1 (CET1) capital	23,592.04	22,147.83
Other Tier 2 capital instruments	-	-
Total capital	23,592.04	22,147.83
Risk weighted assets	47,925.34	52,688.47
CET1 capital ratio	49.23%	42.04%
Total capital ratio	49.23%	42.04%



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued) (Currency: Indian rupees in millions)

#### 37. Fair value measurement

##### 37.1 Valuation Principles

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs that are not observable and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

##### 37.2 Valuation framework

The company has an established control framework for the measurement of fair values. This framework includes a Control function, which is independent of front office management and reports to the Chief Financial Officer, and which has overall responsibility for independently verifying the results of investment operations and all significant fair value measurements. Specific controls include:

- verification of observable pricing;
- re-performance of model valuations;
- a review and approval process for new models and changes to models;
- quarterly calibration and back-testing of models against observed market transactions;
- analysis and investigation of significant daily valuation movements; and
- review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by senior member of management.

##### 37.3 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

Particulars	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Investments				
Security receipts	-	-	44,393.80	44,393.80
<b>Total financial assets measured at fair value on a recurring basis</b>	-	-	44,393.80	44,393.80

Particulars	March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value on a recurring basis -</b>				
Non Convertible Debentures (designated at FVTPL)	-	-	8,869.51	8,869.51
<b>Total financial liabilities measured at fair value on a recurring basis</b>	-	-	8,869.51	8,869.51

Particulars	March 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value on a recurring basis</b>				
Investments				
Security receipts	-	-	47,485.30	47,485.30
<b>Total financial assets measured at fair value on a recurring basis</b>	-	-	47,485.30	47,485.30

Particulars	March 31, 2022			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value on a recurring basis -</b>				
Non Convertible Debentures (designated at FVTPL)	-	-	11,243.99	11,243.99
<b>Total financial liabilities measured at fair value on a recurring basis</b>	-	-	11,243.99	11,243.99

During the year there were no transfers between level 1 and level 2. Similarly, there were no transfers from or transfer to level 3.

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2023 approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 37.4 Movement in level 3 financial instruments measured at fair value

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 assets	Investments in security receipts
<b>At April 1, 2022</b>	<b>47,485.30</b>
Purchase of Investments	14,648.14
Redemption/Sale/Write-offs	(15,971.05)
Gains for the year recognised in profit or loss	(1,768.59)
<b>At March 31, 2023</b>	<b>44,393.80</b>
Unrealised gains related to balances held at the end of year	(1,047.33)

Financial liabilities	Debt Securities
<b>At April 1, 2022</b>	<b>11,243.99</b>
Issuances	-
Settlements	(1,904.55)
Interest Accrued/ losses for the year recognised in profit or loss	(469.93)
<b>At March 31, 2023</b>	<b>8,869.51</b>
Unrealised losses related to balances held at the end of the year	2,024.97

Financial assets	Investments in security receipts
<b>At April 1, 2021</b>	<b>47,730.67</b>
Purchase of Investments	12,921.09
Redemption/Write-offs	(13,235.76)
Loss for the year recognised in profit or loss	69.30
<b>At March 31, 2022</b>	<b>47,485.30</b>
Unrealised gains related to balances held at the end of the year	721.27

Financial liabilities	Debt Securities
<b>At April 1, 2021</b>	<b>12,575.99</b>
Issuances	-
Settlements	(1,435.42)
Interest Accrued/ losses for the year recognised in profit or loss	103.42
<b>At March 31, 2022</b>	<b>11,243.99</b>
Unrealised losses related to balances held at the end of the year	2,373.06



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 37.5 Unobservable inputs used in measuring fair value categorised within Level 3

Type of Financial Instruments	Fair value of asset as on March 31, 2023	Fair value of liability as on March 31, 2023	Valuation Techniques	Significant Unobservable Input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in security receipts	44,393.80		Discounted projected cash flow	Expected Gross Recoveries *	3,15,087.11	14,591.06	169.49	(14,592.06)	(300.37)
				Discount rates	12%-14.8%	0.50%	(18.52)	-0.50%	17.95
Non - Convertible Debentures		8,869.51	Discounted projected cash flow	Expected Gross Recoveries *	96,571	4,829	-	(4,828.55)	-
				Discount rates	12.00%	0.50%	(0.87)	-0.50%	0.88
<b>Total</b>	<b>44,393.80</b>	<b>8,869.51</b>							

Type of Financial Instruments	Fair value of asset as on March 31, 2022	Fair value of liability as on March 31, 2022	Valuation Techniques	Significant Unobservable Input	Range of estimates (weighted-average) for unobservable input	Increase in the unobservable input (% or as the case may be)	Change in fair value	Decrease in the unobservable input (% or as the case may be)	Change in fair value
Investments in security receipts	47,485.30	-	Discounted projected cash flow	Expected Gross Recoveries *	3,74,918.92	17,895.74	758.76	(17,895.74)	(743.68)
				Discount rates	12%-19.7%	0.50%	(112.34)	-0.50%	114.28
Non - Convertible Debentures		11,243.99	Discounted projected cash flow	Expected Gross Recoveries *	1,18,118.32	5,905.92	20.06	(5,905.92)	(20.06)
				Discount rates	12.00%	0.50%	(4.31)	-0.50%	4.39
<b>Total</b>	<b>47,485.30</b>	<b>11,243.99</b>							

\* Expected Gross Recoveries are pertaining to the overall asset under management of the company. The cash attributable to the company's share in expected gross recoveries will be dependent on the company's investment share and terms of the SR subscribed.

### 37.6 Quantitative analysis of significant unobservable inputs

#### Discount margin/spreads

Discount margin/spreads represent the discount rates used when calculating the present value of future cash flows. In discounted cash flow models such spreads are added to the benchmark rate when discounting the future expected cash flows. Hence, these spreads reduce the net present value of an asset or increase the value of a liability. They generally reflect the premium an investor expects to achieve over the benchmark interest rate to compensate for the higher risk driven by the uncertainty of the cash flows caused by the credit quality of the asset. They can be implied from market prices and are usually unobservable for illiquid or complex instruments.

#### Cash Flow

Expected cash flow levels including timing of cash flows are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including default rates, nature and value of collaterals, manner of resolution and other economic drivers. The timing of expected cash flows is influenced by the nature of collateral and the expected use of the same by the market participants. The manner of resolution is determined based on financial position and negotiations with the counterparty.

### 37.7 Quantitative analysis of significant unobservable inputs

#### Asset backed securities

These instruments include residential mortgage backed securities (RMBS), commercial mortgage backed securities (CMBS) and other asset-backed securities. The market for these securities is not active. Therefore, the Group uses a variety of valuation techniques to measure their fair values. For certain more liquid instruments, the Group uses trade and price data updated for movements in market levels between the observed and the valuation dates. Less liquid instruments 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 such as loan-to-value ratios, emergence period estimation, indebtedness and rental income levels. Securities with no significant unobservable valuation inputs are classified as Level 2, while instruments with no comparable instruments or valuation inputs are classified as Level 3.



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian Rupees in millions)

## 38. Analysis of risk concentration

The following table shows the risk concentration by industry for the components of the balance sheet. The concentrations of risk are determined based on client/counterparty's industry sector. Additional disclosures for credit quality and year-end stage classification are further disclosed in Note 5

### Industry analysis - Risk concentration for March 31, 2023

Particulars	Infrastructure	Metal	Cement	Paper and Paper Products	Real Estate	EPC	Chemical	Beverages and Food Processing	Shipping and Ship Building	Textile	Auto	Engineering	Others	Financial Services	Total
Financial assets															
Cash and cash equivalent and other bank balances														9,567.05	9,567.05
Financial assets carried at fair value through profit and loss	4,027.19	1,261.63	369.71	4,838.07	11,349.15	757.65	1,196.49	707.22	58.14	1,361.98	1,065.25	380.23	16,908.69	109.40	44,393.80
Fair value gain/(loss) included above	(723.12)	(146.21)	235.54	2,005.66	(1,367.22)	(994.25)	548.92	27.05	(584.90)	(160.84)	(389.85)	(204.10)	780.99	(75.10)	(1,047.44)
Trade and other receivables	487.82	76.03	22.79	3.60	853.40	62.39	20.87	10.85	836.18	81.18	59.54	13.92	245.87	6.71	2,781.15
ECL on Trade receivable	(58.98)	(8.58)	(2.38)	(0.41)	(122.05)	(20.32)	(2.18)	(1.18)	(335.40)	(9.80)	(38.33)	(1.78)	(38.72)	(0.66)	(641.77)
Loans	1,390.17	-	-	-	823.00	-	-	-	-	-	-	-	179.69	648.54	3,041.40
ECL on loans	(216.67)	-	-	-	(142.20)	-	-	-	-	-	-	-	(24.86)	(94.52)	(478.25)
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	52.98	52.98
Total	5,625.53	6,829.08	390.12	4,841.25	12,761.30	709.72	1,216.18	716.89	558.92	1,433.36	1,086.46	392.37	17,269.67	10,289.49	58,716.35

### Industry analysis - Risk concentration for March 31, 2022

Particulars	Infrastructure	Metal	Cement	Paper and Paper Products	Real Estate	EPC	Chemical	Beverages and Food Processing	Shipping and Ship Building	Textile	Auto	Engineering	Others	Financial Services	Total
Financial assets															
Cash and cash equivalent and other bank balances														7,356.94	7,356.94
Financial assets carried at fair value through profit and loss	14,778.48	1,657.31	537.94	6,127.46	9,648.63	809.85	1,382.02	1,177.23	43.64	548.70	978.16	613.41	9,186.47	-	47,485.30
Fair value gain/(loss) included above	1,753.45	(721.00)	248.78	2,199.94	(1,151.65)	(959.12)	327.61	83.28	(647.51)	(347.23)	(373.64)	(165.22)	(236.13)	-	721.27
Trade and other receivables	885.62	123.40	39.39	11.98	641.04	433.17	48.61	16.35	1,202.31	179.46	278.56	34.62	151.14	-	4,000.65
ECL on Trade receivable	(114.96)	(15.00)	(4.17)	(1.39)	(93.14)	(45.91)	(5.27)	(1.86)	(1,009.52)	(19.37)	(33.14)	(7.29)	(16.27)	-	(1,867.29)
Loans	1,167.65	-	-	10.92	862.79	-	-	54.98	-	-	-	-	125.10	949.34	3,170.78
ECL on loans	(181.29)	-	-	(1.64)	(127.04)	-	-	(24.98)	-	-	-	-	(18.76)	(140.13)	(495.84)
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	60.00	60.00
Total	16,532.50	1,765.71	573.16	6,147.33	10,932.28	1,183.11	1,425.36	1,221.72	236.43	699.79	1,218.58	620.74	9,427.68	8,226.15	60,210.54



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 39. Collateral held and other credit enhancements

The below tables show the maximum exposure to credit risk by class of financial asset. They also show the total fair value of collateral and the net exposure to credit risk.

March 31, 2023	Maximum exposure to credit risk (carrying amount before ECL)	Principal type of collateral
<b>Financial assets</b>		
Loans:		
Wholesale loans - Secured	2,382.23	Tangible Assets
Wholesale loans - Unsecured	659.17	
Trade receivables	2,781.15	Tangible Assets
<b>Total financial assets at amortised cost</b>	<b>5,822.55</b>	
Financial assets at FVTPL (except equity)*	44,393.80	Tangible Assets
<b>Total financial instruments at fair value through profit or loss</b>	<b>44,393.80</b>	
	<b>50,216.35</b>	
Loan commitments -Secured	125.00	Tangible Assets
Loan commitments -Unsecured	-	
Other commitments (max exposure)	125.00	
<b>Total</b>	<b>50,341.35</b>	

March 31, 2022	Maximum exposure to credit risk (carrying amount before ECL)	Principal type of collateral
<b>Financial assets</b>		
Loans:		
Wholesale loans - Secured	2,177.77	Tangible Assets
Wholesale loans - Unsecured	993.01	
Trade receivables	4,000.65	Tangible Assets
<b>Total financial assets at amortised cost</b>	<b>7,171.43</b>	
Financial assets at FVTPL (except equity)*	47,485.30	Tangible Assets
<b>Total financial instruments at fair value through profit or loss</b>	<b>47,485.30</b>	
	<b>54,656.73</b>	
Loan commitments -Secured	270.91	Tangible Assets
Loan commitments -Unsecured	-	
Other commitments (max exposure)	270.91	
<b>Total</b>	<b>54,927.64</b>	

\*Financial assets at FVTPL (except equity) and trade receivables comprises of Investment in Security Receipts and fees receivables respectively. Investments in security receipts are made into the security receipts issued by the Trusts and Trusts in turn have used these proceeds to acquire financial assets from banks/Financial Institutions which are secured by collateral, such as Land & Building, Plant & Machinery, Book debts, Inventory and other working capital items, Shares and Others.

Loans including commitments are secured by way of tangible assets such as Land & Building, Plant & Machinery, Book debts, Inventory and other working capital items, Shares and Others.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets. Dependent on the level of collateral, some Stage 3 exposures may not have individual ECLs when the expected value of the collateral is greater than the LGD, even in if the future value of collateral is forecast using multiple economic scenarios.

March 31, 2023	Maximum exposure to credit risk (carrying amount before ECL) (A)	Associated ECL (B)	Carrying amount (A-B)	Fair value of collateral
<b>Financial assets</b>				
Loans:				
Wholesale loans	2,987.15	474.99	2,512.17	10,413.54
Loan commitments	125.00	-	125.00	-
<b>Total</b>	<b>3,112.15</b>	<b>474.99</b>	<b>2,637.18</b>	<b>10,413.54</b>

March 31, 2022	Maximum exposure to credit risk (carrying amount before ECL) (A)	Associated ECL (B)	Carrying amount (A-B)	Fair value of collateral
<b>Financial assets</b>				
Loans:				
Wholesale loans	2,850.30	471.17	2,379.13	10,013.28
Loan commitments	125.00	-	125.00	-
<b>Total</b>	<b>2,975.30</b>	<b>471.17</b>	<b>2,504.13</b>	<b>10,013.28</b>





## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### 40. Liquidity risk and funding management

Liquidity risk emanates from the mismatches existing on the balance sheet due to differences in maturity and repayment profile of assets and liabilities. These mismatches could either be forced in nature due to market conditions or created with an interest rate view. Such risk can lead to a possibility of unavailability of funds to meet upcoming obligations arising from liability maturities. To avoid such a scenario, Edelweiss has ensured maintenance of a Liquidity Cushion in the form of Fixed Deposits, Cash, Credit Lines etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 10-12% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds.

#### 40. 1. Analysis of non-derivative financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial liabilities as at 31 March.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that the counterparties will not request repayment on the earliest date it could be required to pay.

As at March 31, 2023	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Greater than 3 Years	Total
Trade payables	99.36	-	-	-	-	99.36
Debt securities	13,877.25	758.66	2,024.23	11,601.08	9,029.42	37,290.64
Borrowings (other than debt securities)	398.03	94.98	376.70	1,183.21	80.24	2,133.16
Deposits	-	-	-	-	-	-
Other financial liabilities	406.30	-	-	-	-	406.30
<b>Total undiscounted non-derivative financial liabilities</b>	<b>14,780.94</b>	<b>853.64</b>	<b>2,400.93</b>	<b>12,784.29</b>	<b>9,109.66</b>	<b>39,929.46</b>

As at March 31, 2022	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Greater than 3 Years	Total
Trade payables	123.63	-	-	-	-	123.63
Debt securities	1,260.99	4,771.74	1,987.51	22,639.51	14,717.57	45,377.32
Borrowings (other than debt securities)	362.27	50.25	281.27	297.38	58.26	1,049.43
Deposits	-	-	-	-	-	-
Other financial liabilities	256.77	-	-	-	-	256.77
<b>Total undiscounted non-derivative financial liabilities</b>	<b>2,003.66</b>	<b>4,821.99</b>	<b>2,268.78</b>	<b>22,936.89</b>	<b>14,775.83</b>	<b>46,807.15</b>

#### 40. 2. Analysis of non-derivative financial assets by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's non-derivative financial assets as at 31 March.

As at March 31, 2023	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Greater than 3 Years	Total
Cash and cash equivalent and other bank balances	8,643.06	-	923.98	-	-	9,567.04
Trade receivables	879.52	174.80	677.63	1,360.28	-	3,092.23
Loans	2,432.92	167.15	185.22	35.01	229.39	3,049.69
Investments at fair value through profit or loss	1,101.73	2,276.98	3,146.75	5,277.55	4,400.85	16,203.86
Investments at fair value through profit or loss pledged as collateral	3,932.15	4,798.02	10,000.49	20,623.62	11,877.75	51,232.03
Other financial assets	-	-	-	-	52.98	52.98
<b>Total</b>	<b>16,989.38</b>	<b>7,416.95</b>	<b>14,934.07</b>	<b>27,296.46</b>	<b>16,560.97</b>	<b>83,197.83</b>

As at March 31, 2022	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Greater than 3 Years	Total
Cash and cash equivalent and other bank balances	6,449.23	-	907.71	-	-	7,356.94
Trade receivables	659.35	528.38	1,508.29	1,748.45	-	4,444.47
Loans	2,154.97	28.03	82.83	383.76	593.89	3,243.48
Investments at fair value through profit or loss	933.36	1,368.22	4,079.38	6,505.82	6,796.90	19,683.68
Investments at fair value through profit or loss pledged as collateral	2,882.80	2,523.92	6,198.51	21,981.58	19,843.29	53,430.10
Other financial assets	-	-	-	-	60.00	60.00
<b>Total</b>	<b>13,079.71</b>	<b>4,448.55</b>	<b>12,776.72</b>	<b>30,619.61</b>	<b>27,294.08</b>	<b>88,218.67</b>

#### 40.3. The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

As at March 31, 2023	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Greater than 3 Years	Total
Undrawn loan commitments	125.00	-	-	-	-	125.00
<b>Total</b>	<b>125.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125.00</b>

As at March 31, 2022	Less than 3 months	3 months to 6 months	6 months to 1 year	1 year to 3 years	Greater than 3 Years	Total
Undrawn loan commitments	270.91	-	-	-	-	270.91
<b>Total</b>	<b>270.91</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270.91</b>



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

### 40.4. Financial assets available to support future funding

March 31, 2023	Pledged as collateral	Hypothecation	Available as collateral	Unavailable as collateral*	Total carrying amount
Cash and cash equivalent including bank balance (Refer Note 1)	5,053.82	-	4,491.73	21.49	9,567.04
Trade receivables	-	842.65	1,296.73	-	2,139.38
Loans	-	-	2,563.15	-	2,563.15
Investments	33,445.17	-	10,948.63	-	44,393.80
Other financial assets	-	-	52.98	-	52.98
Property, plant and equipment	1.15	-	-	6.17	7.32
Other Intangible assets	-	-	-	19.97	19.97
Other non financial assets	-	-	-	14.31	14.31
<b>Total assets</b>	<b>38,500.14</b>	<b>842.65</b>	<b>19,353.22</b>	<b>61.94</b>	<b>58,757.95</b>

March 31, 2022	Pledged as collateral	Hypothecation	Available as collateral	Unavailable as collateral*	Total carrying amount
Cash and cash equivalent including bank balance (Refer Note 1)	3,271.32	-	4,084.03	1.59	7,356.94
Trade receivables	-	726.06	1,907.30	-	2,633.36
Loans	-	-	2,674.94	-	2,674.94
Investments	35,238.78	-	12,246.52	-	47,485.30
Other financial assets	-	-	60.00	-	60.00
Property, plant and equipment	1.21	-	0.00	10.97	12.18
Other Intangible assets	-	-	-	11.98	11.98
Other non financial assets	-	-	-	19.77	19.77
<b>Total assets</b>	<b>38,511.31</b>	<b>726.06</b>	<b>20,972.79</b>	<b>44.31</b>	<b>60,254.47</b>

1. The assets pledged as collateral represents assets available for specific purpose which are not available as collateral for additional borrowings.

\* Represents assets which are not pledged, however the asset has been created for specific purpose and hence it is restricted from using to secure funding for legal or other reason.

Refer terms of pledge mentioned in Note 6.1

### 41. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at 31 March 2023, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate FVOCI, including the effect of any associated hedges and swaps designated as cash flow hedges, at 31 March for the effects of the assumed changes in interest rates. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Group's statement of profit and loss and equity.

Currency of borrowing / advances	2022-23				
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax
INR	25	(2.42)	-	25	2.44

Currency of borrowing / advances	2021-22				
	Increase in basis points	Effect on profit before tax	Effect on Equity	Decrease in basis points	Effect on profit before tax
INR	25	(0.97)	-	25	0.96

### 42. Unconsolidated Structured Entities

An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The following tables show the carrying amount of the company's recorded interest in its balance sheet as well as the maximum exposure to risk (as defined in below) due to these exposures in the unconsolidated structured entities.

Particulars	March 31, 2023		March 31, 2022	
	Securitisation trusts	Maximum exposure	Securitisation trusts	Maximum exposure
Loans	591.95	591.95	918.28	918.28
Trade Receivables	2,376.53	2,376.53	3,996.28	3,996.28
Investment in Security Receipts	27,134.77	27,134.77	36,776.04	36,776.04
Total Assets	30,103.25	30,103.25	41,690.59	41,690.59
Negative market value of derivatives	-	-	-	-
Total Liabilities	-	-	-	-
Off-balance sheet exposure	-	-	-	-
Size of the structured entity	3,47,020.65	3,47,020.65	3,92,910.96	3,92,910.96
Income from the structured entity	4,038.73	4,038.73	3,267.58	3,267.58



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

## 43. Additional Disclosures

The following disclosures have been made taking into account RBI guidelines.

a) Names and addresses of the banks / financial institutions from whom financial assets were acquired and the values at which such assets were acquired from each such bank/financial institution:

Name	Address	For the year ended March 31, 2023 Acquisition Price	For the Year Ended March 31, 2022 Acquisition Price
Sponsors			
None	-	NIL	NIL
Sub Total (A)	-	NIL	NIL

Name	Address	For the year ended March 31, 2023 Acquisition Price	For the Year Ended March 31, 2022 Acquisition Price
Abhyudaya Co-Operative Bank Ltd	K.K.Tower, Abhyudaya Bank Lane, Off. G.D. Ambekar Marg, Parel Village, Mumbai - 400012.	4,000.00	4,000.00
Adani Capital Pvt Ltd	ADANI HOUSE, 56 SHRIMALI SOCIETY, NAVRANGPURA, AHMEDABAD GUJARAT Ahmedabad-380009	241.95	-
ARCIL	10th Floor, The Ruby, Senapati Bapat Marg, Dadar (West), Mumbai - 400028	64.70	64.70
AU Small Finance Bank Ltd	Bank House, Mile Ajmer Road, Jaipur - 302001, Rajasthan	308.90	308.90
Axis Bank Ltd	Corporate Office, 7th Floor, Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai-400 025	25,926.49	25,221.93
Bajaj Finance Ltd	6th Floor, Bajaj Finserv Corporate Office, Off Pune-Ahmednagar Road, Viman Nagar, Pune - 411014, and Akurdi, Pune-411035	1,090.95	1,090.95
Bajaj Housing Finance Ltd	Bajaj Auto Limited Complex Mumbai-Pune Road, Akurdi PUNE MH IN 411035.	272.74	272.74
Bank Muscat SAOG	205-206 Regent Chambers, 2nd floor, Jammalal Bajaj Road, 208 Nariman Point, Mumbai 400021	336.14	336.14
Bank of Baroda	DGM, BANK OF BARODA, SPECIALIZED INTEGRATED TREASURY BR.BST, 4TH AND 5TH FLOOR, C-34 G-BLOCK BANDRA KURLA COMPLEX, MUMBAI-400051	22,491.03	22,491.03
Bank of India	Treasury Branch, 7th Floor, Star House I, C-5, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051.	31,265.05	30,990.33
Bank of Maharashtra	Treasury & International Banking Division, Apeejay House, 1st Floor, 13D V 8 Gandhi Marg, Fort, Mumbai	3,002.80	3,002.80
Barclays Bank	801-808 Ceejay House, Shivsagar Estate, Dr. Annie Besant Road, Worli, Mumbai - 400018	40.00	40.00
Canara Bank	Non SLR & Asset Follow-Up Section, Integrated Treasury Wing, 5th Floor, Canara Bank Building, C-14, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400051	21,425.40	21,425.40
Central Bank of India	CENTRAL BANK OF INDIA TREASURY DEPARTMENT, CHANDRAMUKHI BUILDING, NARIMAN POINT, MUMBAI-400021	31,902.12	31,902.12
CFM Asset Reconstruction Private Ltd	1st Floor, Wakefield House, Sprott Road, Ballard Estate, Mumbai-400038	3,500.00	-
Cholamandlam Investments & Finance Company Ltd	DARE HOUSE NO. 2 N S C BOSE ROAD, PARRYS CHENNAI TN IN 600001	56.20	-
Credit Agricole	HOECHST HOUSE 11TH FLOOR, NARIMAN POINT MUMBAI MH 400021	540.00	540.00
The Catholic Syrian Bank Ltd	1ST FLOOR, MAFATLAL HOUSE, HT PAREKH MARG, CURCHGATE, MUMBAI 400020	100.00	100.00
DBS Bank India Ltd	Express Towers, DBS Bank India Limited, Ground Floor, Nariman Point, Mumbai, Maharashtra 400021	2,004.76	2,004.76
DBS Bank Ltd	Ground Floor, Express Tower, Nariman Point, Mumbai - 400 029	1,900.00	1,900.00
ECL Finance Ltd	Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kiro Road, Kurla (West), Mumbai - 400 070	51,100.70	40,485.70
Edelweiss Finvest Ltd	Edelweiss House, Off C.S.T. Road, Kalina, Mumbai - 400 098.	3,080.32	3,080.32
Edelweiss Housing Finance Ltd	5th Floor Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kiro Road, Kurla (West), Mumbai - 400 070	3,268.96	3,268.96
Edelweiss Retail Finance Ltd	Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kiro Road, Kurla (West), Mumbai - 400 070	775.29	775.29
Export Import Bank of India	Centre One Building, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai - 400005	18,591.93	18,591.93
The Federal Bank Ltd	Loan Collection and Recovery Dept, Federal Towers, P O Box # 103, Aluva 683 101, Kerala	3,859.29	3,859.29
HDB Financial Services Ltd	Ground Floor, Zenith House, Keshavnagar Khadve Marg, Mahalaxmi, Mumbai - 400 034	4,788.32	3,487.12
HDFC Bank Ltd	Iodha - I Think Techno Campus, Building - Alpha, 4th Floor - Office Near Kanjur Marg Railway Station, Kanjur Marg (E), Mumbai - 400 042	15,544.30	15,544.30
HSCB Ltd	52, 60, Mahatma Gandhi Road, Kala Ghoda, Fort, Mumbai, Maharashtra 400001	2,152.00	2,152.00
ICICI Bank Ltd	ICICI Bank Towers, G-Block, Bandra Kurla Complex, Mumbai - 400 051	29,253.12	29,253.12
ICICI Home Finance Company Ltd	ICICI Bank Tower, Bandra Kurla Complex, Mumbai- 400051	179.39	179.39
IDBI Bank Ltd	Deputy General Manager, TBO-SAIC, 17th floor, WTC Complex, Cuffe Parade, Mumbai 400005	4,607.75	4,607.75
IDFC First Bank Ltd	Treasury Operations 9th Floor, C-62, G-Block, VIBGYOR TOWERS Bandra Kurla Complex, Bandra (East) Mumbai - 400 051	30,612.00	30,612.00
IFCI Ltd	IFCI Tower, 61 Nehru Place, New Delhi 110019	13,237.50	13,237.50
India Infrastructure Finance Company Ltd	8th Floor, HT House 18&20, Kasturba Gandhi Marg New Delhi DL IN 110001	5,711.50	5,711.50
Indiabulls Commercial Credit Ltd	One International centre, Tower 1, 18Th Floor Senapati Bapat Marg, Fitwala Rd, W, Mumbai, Maharashtra 400013	960.37	960.37
Indiabulls Housing Finance Ltd	One International centre, Tower 1, 18Th Floor Senapati Bapat Marg, Fitwala Rd, W, Mumbai, Maharashtra 400013	25,439.63	25,439.63
Indian Bank	Indian Bank, Treasury Branch 1st Floor, Allahabad Bank Building, Near by Bombay Stock Exchange, 37, Mumbai Samachar Marg, Fort, Mumbai - 400023	22,104.22	22,104.22
Indian Overseas Bank	Indian Overseas Bank, Treasury Department, Central Office, 763, Anna Salai, Chennai-600 002.	32,154.66	32,154.66
Indusind Bank Ltd	11th Floor, Tower 1, One India Bulls Centre, 841 S B Marg, Elphinstone Road, Mumbai - 400013	29,014.00	26,234.00
Industrial Investment Bank of India	19 NETAJI SUBHAS ROAD 2ND FLOOR KOLKATA WB 700001	257.60	257.60
The J and K Bank Ltd	NATIONAL BUSINESS CENTRE, TREASURY OPERATIONS, 3RD & 4TH FLOOR, BANDRA KURLA COMPLEX BANDRA EAST MUMBAI-400051.	10,750.00	10,750.00
JCF ARC	12th Flr, Crompton Greaves House, Dr. Annie Besant Road, Worli Mumbai Mumbai City MH 400030 IN	365.05	-
JP Morgan Chase	Prism Towers, Level Nos. 9 to 11, Link Road, Mindspace, Goregaon (West), Mumbai MH IN 400104.	194.00	194.00
The Karnataka Bank Ltd	Karnataka Bank Limited, Post Box No. 599, Mahaveera Circle, Kankanady, Mangaluru-575 002	618.30	480.00
The Karur Vysya Bank Ltd	Gayathri Towers, 2nd Floor, 954, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400025	967.00	967.00
Kotak Mahindra Bank Ltd	6th Floor, 12BKC, Plot No C 12, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400051	345.31	345.31
L and T Finance Ltd	L&T Finance Ltd, 4th Floor, Brindavan, Plot No. 177, CST Road, Next to Mercedes Showroom, Kalina Santacruz East, Mumbai 400 098.	19,963.43	19,618.43
Piramal Capital and Housing Finance Ltd	UNIT NO 601 6TH FLOOR, AMITY BLDGAGASTYA CORPORATE PARK, KAMANI JUNCTION, OPP FIRE STATION, LBS MARG KURLA WEST MUMBAI- 400070	1,343.98	77.20



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

Name	Address	For the year ended March 31, 2023	For the Year Ended March 31, 2022
		Acquisition Price	Acquisition Price
PNB Housing Finance Ltd	9th Floor, Antriksh Bhavan, 22 Kasturba Gandhi Marg, Near Connaught Place, New Delhi 110001	127.00	127.00
Poonawalla Fincorp Ltd	201 and 202, 2nd Floor, AP81, Koregaon Park Annex, Mundhwa, Pune – 411036	869.10	91.10
Poonawalla Housing Finance Ltd	201 and 202, 2nd Floor, AP81, Koregaon Park Annex, Mundhwa, Pune – 411036	621.48	280.98
PTC India Financial Services Ltd	7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi, Delhi-110066	346.20	346.20
Punjab and Sind Bank	H.O. FUNDS MANAGEMENT DEPT 1ST FLOOR, BANK HOUSE 21, RAJENDRA PALACE, NEW DELHI-	1,103.50	1,103.50
Punjab National Bank	Treasury Division, H.O., C-9, G-Block, 6th Floor, Bandra Kurla Complex, Mumbai-400051	37,635.89	37,347.40
Rabobank International	Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400013	299.20	299.20
Rare Asset Reconstruction Company Ltd	203 GALA ARGOS, BESIDE HARIK PURA TOWER, NEAR ELLISBRIDGE GYM KHANA GUJARAT COLLEGE ROAD AHMEDABAD Ahmedabad GJ 380007	3,000.00	-
Reliance Commercial Finance Ltd	The Ruby, 11th Floor, North West Wing, Plot No. 29, JK Sawant Marg, Qadar West, Dadar, Mumbai, Maharashtra 400028	300.00	300.00
Religare Housing Development Finance Corporation Ltd	1407, 14th Floor, Chiranjiv Tower, 43, Nehru Place New Delhi South Delhi DL 110019	116.90	116.90
SBFC Finance Private Ltd	Unit 103, C&B SQUARE, SANGAM CARNIVAL CINEMAS, Chakala, Andheri East, Mumbai, Maharashtra 400059	158.00	158.00
SICOM	Solitaire Corporate Park, Building No. 4, Guru Hargovindji Road, Mumbai, Maharashtra 400093	724.70	724.70
Small Industries Development Bank of India	SIDBI TOWER, 15, ASHOK MARG, LUCKNOW ; Postcode. 226001 ; City/Parish. LUCKNOW	276.58	276.58
The South Indian Bank Ltd	South Indian Bank Ltd., T.B Road, Mission Quarters, Thrissur-680001, Kerala, India.	1,887.50	1,887.50
Standard Chartered Bank	CRESCENDO C-38/39, G Block BKC, Bandra East, Mumbai, Maharashtra 400051	459.50	459.50
State Bank of India	Securities Services Branch, 2nd Floor, State Bank Of India Main Branch Building, Mumbai Samachar Marg, Fort, Mumbai 400001	1,23,829.13	1,22,846.72
Stressed Assets Stabilisation Fund (SASF)	3rd Floor, 'D' Wing, IOBI Tower, WTC Complex, Cuffe Parade, Mumbai – 400 005	160.00	160.00
Suryoday Small Finance Bank Ltd	HDFC BANK LIMITED CUSTODY OPERATIONS, EMPIRE PLAZA TWR-1, 4TH FLOOR, CHANDAN NAGAR LBS MARG, VIKHROLI WEST, MUMBAI, 400083	1,351.00	-
Tata Capital Financial Services Ltd	11th Floor, Tower A, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai - 400013	213.50	213.50
The Royal Bank of Scotland Plc	2, Senapati Bapat Marg, Railway Colony, Lower Parel, Mumbai, Maharashtra 400013	290.30	290.30
Tourism Finance Corporation Of India	607 Lodha Supremus, Senapati Bapat Marg, opp. Kamala Mills Compound, Lower Parel, Mumbai, Maharashtra 400013	145.00	145.00
U GRO Capital Ltd	4th Floor, Tower-3 West Wing, Equinox Business Park, Off BKC, LBS Road, Kurla (W), Mumbai-400070, Maharashtra	237.50	237.50
UCO Bank	Treasury Branch, 3rd Flr, UCO Bank Bldg, 359, D. N. Road, Fort, Mumbai-400001	11,119.50	11,119.50
Union Bank of India	239, 3rd Floor Union Bank Bhavan, Vidhan, Bhavan Marg, Nariman Point, Mumbai – 400021	12,670.73	12,328.50
Yes Bank Ltd	6th Floor, YES Bank House, 13-103, Western Express Highway Anand Nagar, Vokola, Santacruz East Mumbai, Maharashtra 400055	4,839.00	4,839.00
Sub Total (B)		6,84,490.33	6,56,718.94
Grand Total (A+B)		6,84,490.33	6,56,718.94





# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

b) Dispersion of various financial assets industry-wise and sponsor-wise:

Industry	For the Year Ended March 31, 2023		For the Year Ended March 31, 2022	
	Acquisition Price	Percentage to total acquisition price	Acquisition Price	Percentage to total acquisition price
<b>Sponsors</b>				
None	-	-	-	-
<b>Sub Total (A)</b>	-	-	-	-
<b>Non Sponsors</b>				
<b>Agro, Food &amp; Food Processing</b>	<b>18,562.36</b>	<b>2.71%</b>	<b>18,562.36</b>	<b>2.83%</b>
Argo, Food & Food Processing – Others	6,283.71	0.92%	6,283.71	0.96%
Consumer Foods, Beverages & Tobacco	6,755.80	0.99%	6,755.80	1.03%
Dairy & Milk Products	608.03	0.09%	608.03	0.09%
Ethanol & Sugar	4,914.83	0.72%	4,914.83	0.75%
<b>Allied Services – Infra and Others</b>	<b>311.00</b>	<b>0.05%</b>	<b>311.00</b>	<b>0.05%</b>
Services providers to Infrastructure projects viz. Airport, SEZ, Telecom, Renewable power	311.00	0.05%	311.00	0.05%
<b>Auto &amp; Auto Ancillary</b>	<b>13,753.40</b>	<b>2.01%</b>	<b>13,513.40</b>	<b>2.06%</b>
Vehicles, Vehicle Parts, & Transport Equipment	13,753.40	2.01%	13,513.40	2.06%
<b>Chemical &amp; Chemical Products</b>	<b>24,465.21</b>	<b>3.57%</b>	<b>24,465.21</b>	<b>3.73%</b>
Chemicals & Chemical Products – Others	1,399.00	0.20%	1,399.00	0.21%
Drugs & Pharmaceuticals	21,007.61	3.07%	21,007.61	3.20%
Fertilizers, Pesticides & other agrochemicals	140.00	0.02%	140.00	0.02%
Petrochemicals	1,918.60	0.28%	1,918.60	0.29%
<b>Construction Material &amp; Allied Products</b>	<b>38,277.99</b>	<b>5.59%</b>	<b>38,277.99</b>	<b>5.83%</b>
Cement & Cement Products	38,277.99	5.59%	38,277.99	5.83%
<b>Education</b>	<b>5,274.90</b>	<b>0.77%</b>	<b>2,474.90</b>	<b>0.38%</b>
Educational Institutions & Educational Technology Company	5,274.90	0.77%	2,474.90	0.38%
<b>Engineering</b>	<b>12,880.50</b>	<b>1.88%</b>	<b>12,650.50</b>	<b>1.93%</b>
Engineering - Electronics & Electricals	8,520.80	1.24%	8,520.80	1.30%
Engineering - Machinery & Equipment	4,359.70	0.64%	4,129.70	0.63%
<b>Engineering Procurement Construction (EPC)</b>	<b>18,435.55</b>	<b>2.69%</b>	<b>18,369.79</b>	<b>2.80%</b>
EPC	18,435.55	2.69%	18,369.79	2.80%
<b>Financial Institutions (FI)</b>	<b>3,442.40</b>	<b>0.50%</b>	<b>3,442.40</b>	<b>0.52%</b>
Banking, Financial Services, & Insurance	3,442.40	0.50%	3,442.40	0.52%
<b>Gems &amp; Jewellery</b>	<b>2,745.50</b>	<b>0.40%</b>	<b>2,745.50</b>	<b>0.42%</b>
Gems & Jewellery	2,745.50	0.40%	2,745.50	0.42%
<b>Glass &amp; Glassware</b>	<b>3,471.75</b>	<b>0.51%</b>	<b>3,471.75</b>	<b>0.53%</b>
Glass & Glassware	3,471.75	0.51%	3,471.75	0.53%
<b>Healthcare</b>	<b>1,348.80</b>	<b>0.20%</b>	<b>1,348.80</b>	<b>0.21%</b>
Hospitals & Diagnostic center	1,348.80	0.20%	1,348.80	0.21%
<b>Hospitality &amp; Entertainment</b>	<b>24,288.40</b>	<b>3.55%</b>	<b>22,888.40</b>	<b>3.49%</b>
Entertainment – Theme Parks, Cinemas, Media Houses	3,911.90	0.57%	2,511.90	0.38%
Hospitality – Hotels, Motels, Resorts, & Restaurants	20,376.50	2.98%	20,376.50	3.10%
<b>Information &amp; Technology</b>	<b>5,700.90</b>	<b>0.83%</b>	<b>5,700.90</b>	<b>0.87%</b>
Information Technology & Information Technology Enabled Services (ITES)	5,700.90	0.83%	5,700.90	0.87%
<b>Infrastructure – Others</b>	<b>6,686.30</b>	<b>0.98%</b>	<b>6,536.30</b>	<b>1.00%</b>
Infrastructure – Others	150.00	0.02%	-	0.00%
Social & Commercial Infrastructure	6,057.00	0.88%	6,057.00	0.92%
Solid Waste Management	469.30	0.07%	469.30	0.07%
Water & Sanitation	10.00	0.00%	10.00	0.00%
<b>Infrastructure – Ports</b>	<b>18,706.80</b>	<b>2.73%</b>	<b>18,706.80</b>	<b>2.85%</b>
Port and Airport	18,706.80	2.73%	18,706.80	2.85%
<b>Infrastructure – Road</b>	<b>4,438.30</b>	<b>0.65%</b>	<b>4,438.30</b>	<b>0.68%</b>
Roads, Highways, & Bridges	4,438.30	0.65%	4,438.30	0.68%
<b>Infrastructure – SEZ</b>	<b>17,504.80</b>	<b>2.56%</b>	<b>17,504.80</b>	<b>2.67%</b>
SEZ, Warehouse, Cold Storage	17,504.80	2.56%	17,504.80	2.67%
<b>Infrastructure – Telecom</b>	<b>30,948.79</b>	<b>4.52%</b>	<b>30,948.79</b>	<b>4.71%</b>
Telecom Infrastructure	30,948.79	4.52%	30,948.79	4.71%
<b>Metal &amp; Metal Products</b>	<b>1,20,171.55</b>	<b>17.56%</b>	<b>1,20,171.55</b>	<b>18.30%</b>
Iron & Steel	1,09,837.32	16.05%	1,09,837.32	16.73%
Metal & Metal Products – Others	10,334.23	1.51%	10,334.23	1.57%
<b>Mining</b>	<b>3,238.10</b>	<b>0.47%</b>	<b>3,238.10</b>	<b>0.49%</b>
Mining & Quarrying	3,238.10	0.47%	3,238.10	0.49%
<b>Others*</b>	<b>5,404.54</b>	<b>0.79%</b>	<b>5,404.54</b>	<b>0.82%</b>
Others	5,404.54	0.79%	5,404.54	0.82%
<b>Paper &amp; Paper Products</b>	<b>37,053.94</b>	<b>5.41%</b>	<b>37,053.94</b>	<b>5.64%</b>
Paper & Paper Products	37,053.94	5.41%	37,053.94	5.64%
<b>Power</b>	<b>66,349.47</b>	<b>9.69%</b>	<b>66,349.47</b>	<b>10.10%</b>
Power Generation – Renewable (Hydro, Solar, Wind)	10,922.89	1.60%	10,922.89	1.66%
Power Generation – Thermal Power	44,389.30	6.49%	44,389.30	6.76%
Power Transmission & Distribution	11,037.28	1.61%	11,037.28	1.68%
<b>Real Estate– Others</b>	<b>44,250.36</b>	<b>6.46%</b>	<b>35,946.26</b>	<b>5.47%</b>
Real Estate – Completed	101.20	0.01%	101.20	0.02%
Real Estate – Land	3,000.00	0.44%	-	0.00%
Real Estate – Others	41,149.16	6.01%	35,845.06	5.46%
<b>Real Estate– Under Construction</b>	<b>54,846.80</b>	<b>8.01%</b>	<b>48,930.90</b>	<b>7.45%</b>
Real Estate – Under Construction	54,846.80	8.01%	48,930.90	7.45%
<b>Retail</b>	<b>44,075.97</b>	<b>6.44%</b>	<b>36,860.35</b>	<b>5.61%</b>
Retail Portfolio	44,075.97	6.44%	36,860.35	5.61%
<b>Rubber &amp; Plastic Products</b>	<b>3,932.50</b>	<b>0.57%</b>	<b>3,932.50</b>	<b>0.60%</b>
Rubber & Plastic Products	3,932.50	0.57%	3,932.50	0.60%
<b>Shipping &amp; Ship Building</b>	<b>20,386.04</b>	<b>2.98%</b>	<b>20,386.04</b>	<b>3.10%</b>
Shipping & Ship Building	20,386.04	2.98%	20,386.04	3.10%
<b>Textiles</b>	<b>31,666.39</b>	<b>4.63%</b>	<b>30,216.39</b>	<b>4.60%</b>
Apparel & Accessories – Leather & their Products	452.90	0.07%	452.90	0.07%
Cotton, Silk, Wool, Jute, & Yarns	29,282.03	4.28%	29,282.03	4.46%
Fabric & Garment Manufacturing	1,808.50	0.26%	358.50	0.05%
Textiles – Others	122.96	0.02%	122.96	0.02%
<b>Trading &amp; Distribution</b>	<b>1,787.23</b>	<b>0.26%</b>	<b>1,787.23</b>	<b>0.27%</b>
Wholesale & Retail – Traders & Distributors	1,787.23	0.26%	1,787.23	0.27%
<b>Wood &amp; Wood Products</b>	<b>83.80</b>	<b>0.01%</b>	<b>83.80</b>	<b>0.01%</b>
Wood & Wood Products	83.80	0.01%	83.80	0.01%
<b>Sub Total (B)</b>	<b>6,84,490.33</b>	<b>100.00%</b>	<b>6,56,718.94</b>	<b>100.00%</b>
<b>Grand Total (B)</b>	<b>6,84,490.33</b>	<b>100%</b>	<b>6,56,718.94</b>	<b>100%</b>



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

#### c) Other additional disclosures:

Particulars	For the Year Ended	For the Year Ended
	March 31, 2023	March 31, 2022
Value of financial assets acquired during the year	27,771.39	51,668.73
Value of financial assets realised during the year	75,055.41	67,682.46
Value of financial assets outstanding for realisation at end of year	2,18,785.21	2,53,081.36
Value of Security Receipts redeemed partially during the year	56,062.48	54,007.37
Value of Security Receipts redeemed fully during the year	1,678.65	2,566.56
Value of Security Receipts pending for redemption at end of year	3,71,294.06	4,01,263.81
Value of Security Receipts not redeemed as a result of non-realisation of the financial asset	2,973.07	2,020.01
Value of land and/or building acquired in ordinary course of business of reconstruction of assets	-	-

d) Restructuring Loan disbursed to 6 borrowers/ borrower groups (Previous Year: 6) amounting to Rs. 1,409 millions (Previous Year: Rs. 1,276 millions) has been classified as Non-Performing asset as at March 31, 2023.

e) In terms of the requirements of RBI circular no. DNBS (PD) CC. No. 41/ SCRC / 26.03.001/ 2014- 2015, w.e.f. 5 August 2014,

- Details of assets where acquisition value is more than book value.

For the year ended March 31, 2023: Nil

For the year ended March 31, 2022: Nil

- Details of assets disposed off during the year at a discount of more than 20% of valuation as on previous year end and reasons thereof:

For the year ended March 31, 2023: Nil

For the year ended March 31, 2022: Nil

-During the year Company has written off assets acquired after 5<sup>th</sup> August 2014, under below trusts on account of lower recovery projections in the underlying assets:

Trust Name	Value of Financial Assets before write off	Financial Assets written Off
EARC TRUST SC - 101	171.08	171.08
EARC TRUST SC - 115	59.40	59.40
EARC TRUST SC - 118	56.20	56.20
EARC TRUST SC - 137	20.86	20.86
EARC TRUST SC - 142	2.06	2.06
EARC TRUST SC - 156	5.73	5.73
EARC TRUST SC - 209	204.10	204.10
EARC TRUST SC - 398	104.70	104.70





## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

- Details of assets where the value of SRs has declined more than 20% below the acquisition value:

Trust Name	Acquisition Value (Rs in Millions)	March 31, 2023	March 31, 2022
		NAV %	NAV %
EARC TRUST SC - 101	250.00	0%	5%
EARC TRUST SC - 106	1,214.40	0%	15%
EARC TRUST SC - 105	1,400.00	0%	15%
EARC TRUST SC - 103	500.00	0%	0%
EARC TRUST SC - 108	731.50	0%	30%
EARC TRUST SC - 110	1,100.00	0%	25%
EARC TRUST SC - 111	220.20	0%	5%
EARC TRUST SC - 113	458.70	0%	0%
EARC TRUST SC - 118	300.00	0%	0%
EARC TRUST SC - 119	79.40	0%	0%
EARC TRUST SC - 124	1,895.80	0%	25%
EARC TRUST SC - 126	2,112.50	0%	75%
EARC TRUST SC - 121	951.40	0%	25%
EARC TRUST SC - 123	251.50	0%	0%
EARC TRUST SC - 125	918.00	0%	40%
EARC TRUST SC - 134	737.50	0%	40%
EARC TRUST SC - 136	277.00	0%	35%
EARC TRUST SC - 50 - ALLAHABAD	1,180.00	0%	0%
EARC TRUST SC - 137	141.20	0%	0%
EARC TRUST SC - 140	360.00	5%	10%
EARC TRUST SC - 138	800.00	0%	20%
EARC TRUST SC - 139	174.20	25%	35%
EARC TRUST SC - 142	136.50	0%	50%
EARC TRUST SC - 148	96.00	0%	5%
EARC TRUST SC - 150	437.50	50%	50%
EARC TRUST SC - 156	85.00	0%	75%
EARC TRUST SC - 159	37.50	25%	25%
EARC TRUST SC - 157	275.00	0%	1%
EARC TRUST SC - 160	70.00	0%	0%
EARC TRUST SC - 161	186.10	10%	15%
EARC TRUST SC - 162	360.00	25%	75%
EARC TRUST SC - 164	817.00	25%	30%
EARC TRUST SC - 165	100.00	0%	0%
EARC TRUST SC - 167	1,031.00	0%	0%
EARC TRUST SC - 166	219.50	10%	15%
EARC TRUST SC - 171	1,321.00	25%	30%
EARC TRUST SC - 169	1,227.40	40%	40%
EARC TRUST SC - 175	1,900.00	50%	65%
EARC TRUST SC - 181	284.20	45%	50%
EARC TRUST SC - 183	99.00	15%	35%
EARC TRUST SC - 184	800.50	30%	50%
EARC TRUST SC - 186	1,285.60	25%	30%
EARC TRUST SC - 192	104.00	1%	10%
EARC TRUST SC - 193	1,017.10	25%	30%
EARC TRUST SC - 198	250.00	0%	0%
EARC TRUST SC - 209	479.40	0%	10%
EARC TRUST SC - 205	650.00	0%	0%
EARC TRUST SC - 206	560.00	5%	25%
EARC TRUST SC - 215	1,040.00	0%	20%
EARC TRUST SC - 212	720.70	25%	30%
EARC TRUST SC - 213	345.00	0%	0%
EARC TRUST SC - 217	18,000.00	25%	50%
EARC TRUST SC - 218	279.00	50%	40%
EARC TRUST SC - 222	708.30	30%	30%
EARC TRUST SC - 226	967.50	25%	30%
EARC TRUST SC - 229	300.00	0%	0%
EARC TRUST SC - 236	2,637.80	10%	25%
EARC TRUST SC - 235	10.44	0%	25%
EARC TRUST SC - 234	11.00	0%	0%
EARC TRUST SC - 243	2,690.20	40%	40%
EARC TRUST SC - 249	808.00	30%	50%
EARC TRUST SC - 248	289.40	40%	40%
EARC TRUST SC - 252	2,400.00	0%	0%
EARC TRUST SC - 246	360.00	30%	50%
EARC TRUST SC - 256	1,900.00	25%	35%
EARC TRUST SC - 255	2.16	0%	0%
EARC TRUST SC - 258	3,800.00	0%	0%
EARC TRUST SC - 265	860.00	25%	30%
EARC TRUST SC - 253	650.50	30%	50%
EARC TRUST SC - 261	57.10	0%	0%



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

Trust Name	Acquisition Value (Rs in Millions)	March 31, 2023	March 31, 2022
		NAV %	NAV %
EARC TRUST SC - 259	17.72	0%	25%
EARC TRUST SC - 294	0.14	0%	0%
EARC TRUST SC - 295	17.40	0%	0%
EARC TRUST SC - 300	360.00	15%	40%
EARC TRUST SC - 59	59.20	5%	5%
EARC TRUST SC - 303	3.80	0%	0%
EARC TRUST SC - 305	820.50	25%	30%
EARC TRUST SC - 315	975.00	1%	25%
EARC TRUST SC - 317	230.00	25%	25%
EARC TRUST SC - 296	3.82	0%	25%
EARC TRUST SC - 330	451.00	1%	25%
EARC TRUST SC - 65	129.90	5%	5%
EARC TRUST SC - 335	28.72	0%	25%
EARC TRUST SC - 298	3,850.00	100%	75%
EARC TRUST SC - 386	1,180.00	75%	60%
EARC TRUST SC - 70	24.57	5%	10%
EARC TRUST SC - 398	563.72	0%	0%
EARC TRUST SC - 400	0.74	0%	0%
EARC TRUST SC - 407	7.14	0%	25%
EARC TRUST SC - 122	526.90	0%	50%
EARC TRUST SC - 129	89.60	0%	50%
EARC TRUST SC - 120	1,545.80	0%	50%
EARC TRUST SC - 128	179.80	0%	50%
EARC TRUST SC - 143	2,463.50	0%	0%
EARC TRUST SC - 146	2,299.00	0%	0%
EARC TRUST SC - 149	145.00	10%	25%
EARC TRUST SC - 153	932.50	25%	50%
EARC TRUST SC - 154	1,852.00	0%	0%
EARC TRUST SC - 163	162.50	25%	75%
EARC TRUST SC - 168	4,338.00	20%	25%
EARC TRUST SC - 177	2,495.00	0%	0%
EARC TRUST SC - 178	50.00	45%	50%
EARC TRUST SC - 185	410.00	65%	75%
EARC TRUST SC - 189	194.50	50%	75%
EARC TRUST SC - 176	764.10	50%	75%
EARC TRUST SC - 203	7,112.40	30%	50%
EARC TRUST SC - 207	1,086.80	0%	0%
EARC TRUST SC - 210	590.50	65%	75%
EARC TRUST SC - 231	1,573.00	0%	0%
EARC TRUST SC - 230	279.00	25%	50%
EARC TRUST SC - 251	2,000.00	75%	70%
EARC TRUST SC - 254	2,440.00	25%	75%
EARC TRUST SC - 270	460.00	25%	50%
EARC TRUST SC - 291	322.50	25%	50%
EARC TRUST SC - 342	278.60	0%	0%
EARC TRUST SC - 364	4,000.00	45%	75%
EARC TRUST SC - 381	550.00	50%	75%
EARC TRUST SC - 372	299.70	150%	75%
EARC TRUST SC - 384	9,150.00	107%	75%
EARC TRUST SC - 395	64.70	0%	0%
EARC TRUST SC - 392	1,932.50	70%	75%
EARC TRUST SC - 408	260.00	5%	10%
EARC TRUST SC - 427	1,500.00	0%	0%
EARC TRUST SC - 115	440.40	0%	-
EARC TRUST SC - 260	149.00	0%	-
EARC TRUST SC - 223	2,750.00	0%	-



## Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)

(Currency: Indian rupees in millions)

Trust Name	Acquisition Value (Rs in Millions)	March 31, 2023	March 31, 2022
		NAV %	NAV %
EARC TRUST SC - 102	904.20	0%	-
EARC TRUST SC - 109	1,810.00	0%	-
EARC TRUST SC - 112	400.00	0%	-
EARC TRUST SC - 114	2,600.00	0%	-
EARC TRUST SC - 116	750.00	0%	-
EARC TRUST SC - 117	455.00	0%	-
EARC TRUST SC - 130	9.03	0%	-
EARC TRUST SC - 127	860.20	0%	-
EARC TRUST SC - 131	1,105.00	0%	-
EARC TRUST SC - 132	10.00	0%	-
EARC TRUST SC - 133	320.00	0%	-
EARC TRUST SC - 141	860.00	25%	-
EARC TRUST SC - 144	565.00	25%	-
EARC TRUST SC - 147	160.00	50%	-
EARC TRUST SC - 152	325.00	25%	-
EARC TRUST SC - 158	2,750.00	75%	-
EARC TRUST SC - 172	311.90	75%	-
EARC TRUST SC - 179	456.00	75%	-
EARC TRUST SC - 224	1,060.00	50%	-
EARC TRUST SC - 232	273.00	65%	-
EARC TRUST SC - 237	2,255.20	25%	-
EARC TRUST SC - 242	1,262.50	75%	-
EARC TRUST SC - 329	360.00	75%	-
EARC TRUST SC - 361	300.00	50%	-
EARC TRUST SC - 391	1,080.00	75%	-
EARC TRUST SC - 393	375.00	75%	-
EARC TRUST SC - 403	5,300.00	45%	-
EARC TRUST SC - 411	2,576.92	75%	-
EARC TRUST SC - 412	10.08	75%	-
EARC TRUST SC - 432	15,050.00	40%	-
EARC TRUST SC - 437	138.837	0%	-
EARC TRUST SC - 446	65.765	0%	-



# Edelweiss Asset Reconstruction Company Limited

Notes to the standalone financial statements (Continued)  
(Currency: Indian rupees in millions)

(f) Comparison between provisions required under IRACP and impairment allowances made under Ind AS 109

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)
As at March 31, 2023						
Performing assets						
	Stage 1	19.75	0.74	19.01	-	0.74
Standard	Stage 2	33.35	2.52	30.83	0.11	2.41
	Stage 3	17.40	2.61	14.79	-	2.61
Sub total		70.50	5.87	64.63	0.11	5.76
Non - Performing assets (NPA)						
Substandard	Stage 3	254.11	38.08	216.03	113.30	(75.23)
Doubtful -upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	233.14	34.98	198.16	190.78	(155.80)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		233.14	34.98	198.16	190.78	(155.80)
Loss	Stage 3	2,482.77	380.58	2,102.19	2,484.07	(2,103.48)
Subtotal for NPA		2,970.02	453.64	2,516.38	2,788.15	(2,334.51)
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	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	125.00	18.75	106.25	-	18.75
Subtotal		125.00	18.75	106.25	-	18.75
Total	Stage 1	19.75	0.74	19.01	-	0.74
	Stage 2	33.35	2.52	30.83	0.11	2.41
	Stage 3	3,112.42	474.99	2,637.42	2,788.15	(2,313.15)
	Total	3,165.53	478.25	2,687.27	2,788.25	(2,310.00)

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)
As at March 31, 2022						
Performing assets						
	Stage 1	129.30	4.85	124.45	-	4.85
Standard	Stage 2	191.10	14.33	176.77	-	14.33
	Stage 3	13.34	2.00	11.34	-	2.00
Sub total		333.74	21.18	312.56	-	21.18
Non - Performing assets (NPA)						
Substandard	Stage 3	52.83	7.92	44.90	52.83	(44.91)
Doubtful -upto 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	1,074.11	161.11	913.01	780.14	(619.03)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		1,074.11	161.11	913.01	780.14	(619.03)
Loss	Stage 3	1,710.10	281.39	1,428.71	1,710.10	(1,428.71)
Subtotal for NPA		2,837.04	450.42	2,386.62	2,543.07	(2,092.65)
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	145.50	5.46	140.04	-	5.46
	Stage 2	0.41	0.03	0.38	-	0.03
	Stage 3	125.00	18.75	106.25	-	18.75
Subtotal		270.91	24.24	246.68	-	24.24
Total	Stage 1	274.80	10.30	264.49	-	10.30
	Stage 2	191.51	14.37	177.15	-	14.37
	Stage 3	2,975.38	471.17	2,504.21	2,543.07	(2,071.90)
	Total	3,441.69	495.84	2,945.85	2,543.07	(2,047.23)



## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

(g) In terms of the requirements of RBI circular no. DOR.ACC.REC.No.104/21.07.001/2022-23, w.e.f. 20 February 2023,

Particulars	As at the end of March 31, 2023	As at the end of March 31, 2022
Outstanding amount of unrealised management fee	2,780.87	4,000.63
1. Out of the above, amount outstanding for:		
(a) Amounts where the net asset value of the security receipts has fallen below 50 per cent of the face value	2,116.58	3,079.38
(b) Other amounts unrealised for:		
(i) More than 180 days but upto 1 year	317.73	185.70
(ii) More than 1 year but upto 3 years	131.41	412.80
(iii) More than 3 years	67.67	172.81
Allowances held for unrealised management fee	641.77	1,367.29
<b>Net unrealised management fee receivable</b>	<b>2,139.10</b>	<b>2,633.35</b>

#### 44. Other disclosure

The income tax authorities conducted an investigation from March 2, 2023 to March 9, 2023, under section 132 of the Income Tax, 1961 at Edelweiss Asset Reconstruction Company Limited and requisite information was provided during the investigation to the income tax authorities. As on date the Company has not received any information or quantification by the concerned income tax authorities in relation to any tax liabilities for the Company. The Company believes that there is no significant impact on standalone financial statements or results due to this investigation. The Company is extending its full cooperation with the concerned income tax authorities and its current internal assessment is that there is no material adverse impact, however, it is unable to comment on the final outcome of the investigation.

#### 45. Code on Social Security

The Code on Social Security, 2020 ('Code') relating to the employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

#### 46. Segment Information

The Company is in the business of acquisition and resolution of non-performing assets. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic

#### 47. Foreign Currency Expenses

The foreign exchange outgo during the year was ₹ 2.81 millions (Previous year: ₹ 5.54 millions).

#### 48. Events after Reporting Date

There have been no events after the reporting date that require disclosure in this





# Edelweiss Asset Reconstruction Company Limited

## Notes to the standalone financial statements (Continued)

### 49. Other Additional Regulatory Information

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

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

#### 49.2. Loans and Advances

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

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

#### 49.3. Details of Benami Property held

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

#### 49.4 Security of current assets against borrowings

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

#### 49.5. Wilful Defaulter

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

#### 49.6. Relationship with Struck off Companies

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

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

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

#### 49.8. Ratios

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Liquidity Coverage Ratio <sup>1</sup>	269.07%	467.77%
Debt Equity Ratio <sup>2</sup>	1.04	1.34
Debt Service Coverage Ratio <sup>3</sup>	0.51	1.01
CRAR <sup>4</sup>	49.23%	42.04%

<sup>1</sup>Liquidity Coverage Ratio = (High Quality Liquid Assets/ Short-term obligations for next 30 days)

<sup>2</sup>Debt-equity Ratio = (Debt securities + Borrowings (other than debt securities)) / Net Worth

<sup>3</sup>DSCR = Profit before interest and tax / (Interest expense + Principal Repayment in next 12 months)

<sup>4</sup>CRAR = Total Capital / Risk Weighted assets

#### 49.9. 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
- (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

#### 49.10. Undisclosed Income

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

#### 49.11. Details of Crypto Currency or Virtual Currency

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





## Edelweiss Asset Reconstruction Company Limited

### Notes to the standalone financial statements (Continued)

50. Previous year figures have been regrouped and reclassified wherever necessary.

As per our report of even date attached

For Nangia & Co. LLP

Chartered Accountants

ICAI Firm's Registration No. 002391C / N500069



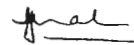
Jaspreet Singh Bedi  
Partner  
Membership Number: 601788

For and on behalf of the Board of Directors of

Edelweiss Asset Reconstruction Company Limited



Rajkumar Bansal  
Managing Director and CEO  
DIN :00122506



Vidya Shah  
Non-Executive Non-Independent Director  
DIN :00274831



Ashwani Kumar  
Chief Financial Officer

Mumbai  
May 11, 2023

Mumbai  
May 11, 2023



Deepak Nautiyal  
Company Secretary  
Membership Number: 29485