ECL Finance Limited

Corporate Identity Number: U65990MH2005PLC154854

Annual Report for the year ended March 31, 2022

Edelweiss | ECL Finance Ltd.
Ideas create, values protect

ECL Finance Limited
Annual Report for the year ended March 31, 2022

Board of Directors

Mr. Rashesh Shah	-	Chairman (In Non-Executive Capacity)
Mr. Venkatchalam Ramaswamy	-	Vice Chairman & Non- Executive Director
Mr. Deepak Mittal	-	Vice Chairman (In Executive Capacity)
Mr. S Ranganathan	-	Managing Director
Mr. P. N. Venkatachalam	-	Independent Director
Mr. Biswamohan Mahapatra	-	Independent Director
Mr. Kunnasagaran Chinniah	-	Independent Director
Ms. Vidya Shah	-	Non- Executive Director
Ms. Anita George	-	Investor Nominee Director

Chief Financial Officer

Mr. Phanindranath Kakarla

Company Secretary

Ms. Kashmira Mathew

Joint Statutory Auditors

M/s. V.C Shah & Co.

M/s. Chetan T. Shah & Co.

Registered Office

Tower 3, Wing 'B', Kohinoor City Mall,
Kohinoor City, Kirol Road, Kurla (W),
Mumbai - 400070
Corporate Identity No: U65990MH2005PLC154854
Tel: +91 4009 4400, Fax: +91 4086 3759
Email id: investorgrievance@eclf.com

SBICAP Trustee Company Limited	**Axis Trustee Services Limited**
202, Maker Tower - E, Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, 3 Dinshaw Wachha Road, Churchgate, Mumbai – 400020 Tel: +91 22 4302 5530 Fax: +91 22 4302 5500 E-mail: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com Contact Person: Ms. Savitri Yadav	2nd Floor, E-Wing, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025. Tel:- 022 2425 5215 / 5216 E-mail: debenturetrustee@axistrustee.com Website: www.axistrustee.com Contact Person: Mr. Sameer Kabra

Beacon Trusteeship Limited 4 C& D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club Bandra (East), Mumbai- 400 051 Tel: +91 22 26558759 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in Contact Person: Mr. Vitthal Nawandhar	

Registrar & Transfer Agent

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

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

BOARD's REPORT

To the Members of ECL Finance Limited,

The Directors hereby present their 17th Annual Report on the business, operations and the state of affairs of the Company together with the Audited Financial Statements for the year ended March 31, 2022:

Financial Highlights

Standalone (₹ in million)

Particulars	2021-22	2020-21
Total Income	16,607.69	20,013.88
Total Expenditure	16,081.94	21,614.95
(Loss)/Profit before tax	525.75	(1,601.07)
Provision for tax (including Deferred Tax and fringe benefit tax, if any)	(267.78)	(1,623.42)
(Loss)/Profit after tax	793.53	22.35
Other Comprehensive Income/(Loss)	(79.83)	17.34
Add: Profit and Loss account balance brought forward from previous year	2,476.29	1,305.75
Profit available for appropriation	3,189.99	1,345.44
Appropriations		
- Income Tax Impact on ESOP	57.54	-
- Impact of Lease accounting	-	-
- Transfer to special reserve under Section 45-IC of the Reserve Bank of India Act, 1934	(158.71)	(4.47)
- Transfer from revaluation reserve	86.76	33.84

- Transfer from Debenture Redemption Reserve	1,728.96	1,101.48
- Impairment reserve	-	-
- Deemed distribution during the year	-	-
Surplus carried to balance sheet	4,904.54	2,476.29
Net worth (Net worth = Equity share capital + Other equity)	25,594.54	24,823.30

Note: The impairment allowances under Ind AS 109 carried by the Company is in excess of total provision required under IRACP (including provision on standard assets), as at March 31, 2022 and March 31, 2021 accordingly, no amount is required to be transferred to the impairment reserve.

Information on the state of affairs of the Company

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

Major events during the year

Your Company has changed its Registered Office from 'Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400098' to 'Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (west), Mumbai – 400070 (Kohinoor House)' which is within the local limits of the same city.

Reserves and Surplus

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

Share Capital

During the year, there was no change in the Authorized Share Capital and Paid-up Share capital of the Company. As at March 31, 2022, the Authorized Share Capital and Paid up Share capital of the Company stands at Rs. 6,740 million and Rs. 2,138.27 million respectively.

Dividend

With a view to conserve the resources of the Company, the Directors are not recommending any dividend for the year ended March 31, 2022.

Finance & Credit Rating

Your Company continued to borrow funds from various sources including Commercial Papers and bank borrowings.

During the year, the Company raised ~Rs. 2,990 crores by way of Commercial Papers (episodic), ~Rs. 265 crores by way of Commercial Papers (non-episodic). The funds have been fully utilized for the purpose, for which it was raised. The outstanding bank borrowings as on March 31, 2022, stood at Rs. 3,340 crores.

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

Subsidiaries, Joint Ventures and Associate Company

During the year, neither did your Company have any Subsidiary or Associate Company, nor did it enter into any Joint Venture Agreement under the provisions of the Companies Act, 2013.

Our network of offices

We operate through a wide network of 36 offices as of March 31, 2022, spread across 14 States and 2 Union Territories. The reach of our branches allows us to service our existing customers and attract new customers. We service multiple products through each of our offices, which reduces operating costs and improves total sales. Our spread-out office network reduces our reliance on any one region in India and allows us to apply best practices developed in one region to other regions. Our geographic diversification also mitigates some of the regional, climatic and cyclical risks, such as heavy monsoon or droughts.

Loans, Investments and Guarantees

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

Related Party Transactions

All the Related Party Transactions (RPT) entered by the Company during the year were in the ordinary course of business and on arm's length. There were no significant material transactions entered into by the Company with any Related Party during the year as defined under section 188 of the Companies Act, 2013. Thus, the disclosure as per section 134(3)(h) of the Companies Act, 2013, in the prescribed Form AOC-2 is not applicable to the Company. All the Related Party Transactions as required under Indian Accounting Standard ("Ind AS") -24 are reported in the Notes to the Financial Statement.

The Company has formulated Related Party Transactions Policy, which is uploaded on the website of the Company at https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes.

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

No Material changes and Commitments, affecting the financial position of the Company have occurred between the end of the Financial Year to which the Financial Statement relates (i.e. March 31, 2022) and the date of the Report.

Annual Return

In accordance with the provisions of Section 92 of the Companies Act, 2013 and the Rules framed thereunder, the copy of the annual return would be made available on the website of the Company at https://eclfinance.edelweissfin.com/investor-relations/?Our%20Financials within the prescribed timelines.

Directors and Key Managerial Personnel

(i) Directors

(ii) In accordance with the provisions of Section 149 of the Companies Act, 2013, the Independent Directors have given a declaration that they meet the criteria of independence as provided in the said section. Accordingly, the Company confirms that in the opinion of the Board of Directors, the Independent Directors fulfil the conditions specified in Section 149(6) of the Companies Act, 2013 and that the Independent

Directors are independent of the Management. Further, pursuant to section 184 (1) and rule 9 (1) of Companies (Meetings of Board and its Powers) Rules 2014 all the Directors of the Company have furnished their notice of interest in form MBP-1 and all the other necessary disclosures, as required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.**Change in Directors**

a) The tenure of Mr. Rashesh Shah as Managing Director expired on July 31, 2021. However, he continued his position as Chairman of the Board in the Non-Executive capacity with effect from August 1, 2021.

b) Mr. Deepak Mittal, being eligible to retire by rotation was reappointed as Director at the 16th AGM of the Company. Further, he was re-designated as Vice Chairman (in Executive capacity) of the Company with effect from the close of business hours on June 10, 2021, for the remainder of his tenure i.e. upto February 17, 2024. The said re-designation was subject to approval of the Members. The Members approved the same at their 16th Annual General Meeting held on September 24, 2021.

c) The Board had appointed Mr. S. Ranganathan as an Additional Director and Managing Director of the Company for a period of three years with effect from the date of receipt of RBI approval i.e July 26, 2021. Thereafter, the Members approved the same at their 16th Annual General Meeting held on September 24, 2021.

d) The Board re-appointed Mr. Kunnasagaran Chinniah as an Independent Director of the Company for a second term of five years with effect from February 19, 2022, to February 17, 2027, subject to the approval of the Members of the Company. Thereafter, the Members approved the same at their Extraordinary General Meeting held on April 13, 2022.

e) The Board proposes to re-appoint Mr. Biswamohan Mahapatra as an Independent Director of the Company for a second term of five years with effect from conclusion of the 17th AGM of the Company, subject to the approval of the Members of the Company.

f) Mr. Venkatchalam Ramaswamy (DIN: 00008509) and Mr. S Ranganathan (DIN: 00125493) retire by rotation at the forthcoming Annual General Meeting (AGM) and, being eligible, offer themselves for re-appointment.

g) The Board has appointed Mr. Shiva Kumar as an Additional (Independent) Director of the Company at its meeting held on July 28, 2022, and he holds office till the conclusion of ensuing Annual General Meeting. It is proposed to appoint him as an Independent Director of the Company for a period of five years w.e.f. July 28, 2022, to July 27, 2027, at the ensuing Annual General Meeting.

h) Ms. Vidya Shah resigned as Non-Executive Director of the Company with effect from close of business hours on July 31, 2022. The Board place on record their appreciation for the services rendered by Ms. Vidya Shah during her tenure as a Director of the Company.

i) Since Mr. P. N. Venkatachalam had attained the age of seventy-five (75) years, pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, a special resolution was passed by the members to approve his continuation as Non-Executive Independent Director of the Company till the conclusion of the 17th Annual General Meeting (i.e his existing term). This second and final tenure of as an Independent Director will be ending after the expiry of forthcoming 17th Annual General Meeting of the Company. The Board place on record their appreciation for the services rendered by Mr. P. N. Venkatachalam during his tenure as a Director of the Company.

(iii) Key Managerial Personnel

There were following changes in the Key Managerial Personnel of the Company:

Name of the KMP	Nature of Change	Effective Date
Mr. Deepak Khetan	Resigned as Chief Financial Officer	April 23, 2021
Mr. Phanindranath Kakarla	Appointed as Chief Financial Officer	June 10, 2021
Mr. Rashesh Shah	Continued as Chairman of the Company in Non-Executive capacity. Earlier: Chairman and Managing Director	August 1, 2021
Mr. Deepak Mittal	Re-designated as Vice Chairman (In Executive Capacity). Earlier: Managing Director and CEO	Close of business hours on June 10, 2021
Mr. S Ranganathan	Appointed as Managing Director	July 26, 2021

Number of Board Meetings held

During the year under review, Five Board Meetings were convened and held. The details of which are given in the Corporate Governance Report, which forms part of this Report. The intervening gaps between the Meetings were within the period prescribed under the Companies Act, 2013 and the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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

The Company has formulated a Remuneration Policy ("Policy") as per the provisions of Section 178 of the Companies Act, 2013. During the year, there were no changes or amendments to the Remuneration Policy of the Company. The said Policy is placed on the website of the Company at https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes

Evaluation of the performance of the Board

The Board has framed a Board Evaluation Policy ("the Policy") for evaluating the performance of the Board,Chairman, Directors and the Committees of the Board.

The Policy *inter-alia* provides the criteria for performance evaluation and authorizes Nomination and Remuneration Committee to prescribe criteria/framework for Board Evaluation. Accordingly, the Nomination & Remuneration Committee has prescribed a detailed methodology/approach for aforesaid evaluations. Based on the same, the performance was evaluated for the financial year ended March 31, 2022. The Independent Directors at their meeting reviewed the performance of Board, Non-Independent Directors and Board Chairperson. The Board of Directors in its meeting evaluated the performance of Independent Directors, performance of Board and its Committees along with flow of information for conducting meetings of Board/Committees. The said Policy is placed on the website of the Company at https://eclfinance.edelweissfin.com/wp-content/uploads/2022/03/Board-Evaluation policy.pdf.

Internal Control Systems

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

The Internal Control Framework of Edelweiss follows the below assurance practices to strengthen overall control:

- COSO framework is implemented by considering the control environment, periodic risk assessment, performing control activity, timely communication to Management and monitoring the control activities on a continuous basis.
- Assurance on process efficiency by defining relevant, adequate scope of internal audit, pro-actively preparing for regulatory review, remediating through preventive and corrective steps for identified risk events.
- Reliability of internal controls aligned to risks identified in Risk Control Self-Assessment (RCSA) is monitored through process and internal financial control review.
- Adequate documentation in the form of policies and SOPs (Standard Operating Procedures) enhances the control mechanism.

Internal Financial Controls

The Internal Financial Controls adopted by the Company are in accordance with the criteria established under the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations' of the Treadway Commission. Based on its internal evaluation and as confirmed by the Statutory Auditors of the Company, the Management team believes that adequate Internal Financial Controls exist in relation to its Financial Statements.

Risk Management

Risk management is an integral part of the Company's business strategy. It maintains a robust risk management framework/policy to identify, assess, manage, prioritize, monitor and report risks.

It makes decisions based on a conscious and careful risk-return trade-off in line with the defined strategy and within its risk appetite. It ensures financial stability and continuity of the business by monitoring its risk profile periodically and ensuring risk management activities are executed effectively to manage the overall Risk levels within approved limits.

To support the risk strategy and effective risk management, the Company has a "Three lines of Defense" model in place. The same assists the management to ensure accountability, oversight and assurance. To achieve sound governance and a strong risk culture it follows a framework, which takes 1) Strong risk governance, 2) Risk assessments and 3) Prompt risk Management actions into consideration.

The Company has progressive Risk management system through Risk Appetite, Risk Culture, Risk Classification and Enterprise Risk Management (ERM) Framework etc.

Risk Appetite Statement (RAS) articulates Company's overall desired level of exposure to various risk types both quantitatively and qualitatively.

The Company takes multiple initiatives to improve and maintain Risk Culture through Education & Awareness Programs on a continuous basis. It believes in promoting fair and no-blame risk culture and encourage employees to speak up, highlight and own risks without fear. Management expects all employees to contribute to a sound risk culture and deal responsibly with risk and dilemmas, carefully consider the interest of the various stakeholders.

ERM helps to identify and prepare for hazards / probable risk events that can occur during the course of Business and enables the Company to manage risk in a collaborative, cross-functional and big-picture way.

In the recent pandemic situation and challenging unpredictable environment, the Company has put all its efforts in recognizing related risks and readjusting itself towards the changed environment arisingout of Covid -19 by having effective collaboration between Processes, Technology, Systems, and it's People (senior leaders and others). The robust risk management practices and sound risk governance framework has helped the Organization to face and manage this crisis scenario.

The Risk Management Committee oversees the risk management framework of the Company through regular and proactive intervention by senior management personnel. In accordance with the RBI circular on Risk Management System –All credit products (retail or wholesale) is vetted by the CRO from the angle of inherent and control risks. For details on the Committee composition, number of meetings held and attendance of the Committee members, please refer to Corporate Governance Report.

Committees of the Board

The Company has the following Board Committees:

i. Audit Committee.
ii. Corporate Social Responsibility Committee.

iii. Nomination and Remuneration Committee.
iv. Risk Management Committee.
v. Stakeholders Relationship Committee.
vi. IT Strategy Committee.
vii. Asset Liability Management Committee.

For details on the Committee composition, number of meetings held and attendance of the Committee members, please refer to Corporate Governance Report.

Joint Statutory Auditors

In accordance with the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder (the Act) and RBI circular ("Circular") dated 27th April 2021 on the Guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs), Members of the Company at their 16th Annual General Meeting held on September 24, 2021 had appointed M/s. Chetan T. Shah & Co, as the Joint Statutory Auditor of the Company to hold office from the conclusion of the 16th Annual General Meeting of the Company till the conclusion of 19th Annual General Meeting of the Company along with the existing Auditors, M/s. S. R. Batliboi & Co. LLP. The Circular amongst other restrictions inter- alia stipulates appointment of Statutory Auditors for a continuous period of 3 years and thereafter, reappointment in the same entity would not be eligible for six years (two tenures). Since, S. R. Batliboi & Co. LLP had already completed audit for a continuous period of three years and were ineligible to continue as Statutory Auditors, the Company, as a necessary step to comply with the aforesaid circular, appointed M/s. V.C Shah & Co. LLP as Joint Statutory Auditors, in place of S. R. Batliboi & Co. LLP. The said Auditors shall hold office till the conclusion of 17th Annual General Meeting to be held in the year 2022 and for a further period of two (2) years, from the conclusion of the 17th Annual General Meeting till the conclusion of the 19th Annual General Meeting of the Company to be held in the year 2024.

Accordingly, M/s. Chetan T. Shah & Co LLP and M/s. V.C Shah & Co. LLP are the current Joint Auditors of your Company.

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

Internal Auditors

The Board had appointed M/s M.M. Nissim & Co LLP as the Internal Auditors for the Financial

Year ended March 31, 2022. Pursuant to RBI guidelines on Risk Based Internal Audit (RBIA) dated February 03, 2021, the Company is required to have an Internal Audit function for carrying out the Internal Audit of the Company for FY 2022-23. With the said circular coming in force, the Company has in place a Risk Based Internal Audit plan based on the risk assessments for the audit universe approved by the Audit Committee. An RBIA framework and process has been defined for undertaking internal audits during FY 2022-23.

Secretarial Audit

The Board had appointed M/s. Manish Ghia & Associates, Company Secretaries, as the Secretarial Auditor of the Company for the financial year ended March 31, 2022. A report issued by the Secretarial Auditors is attached herewith as **Annexure II**. The Secretarial Audit Report does not contain any qualifications,reservations and adverse remarks.

Prevention of Sexual harassment of Women at Workplace

The Company prohibits any form of sexual harassment and any such incidence is immediately investigated and appropriate action is taken in the matter against the offending employee(s) based on the nature and the seriousness of the offence. The Company has in place, a Corporate policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace (the 'Policy') and matters connected therewith or incidental thereto covering all the aspects as contained under the 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013'. The Company also has in a place an Internal Committee constituted under Sexual Harassment Prevention Act and Rules made thereunder to look into all complaints of sexual harassment made by an Aggrieved Person provided the sexual harassment has taken place at workplace or in the course of official duties. There was no complaint filed during the financial year and no complaint was pending at the end of the financial year.

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

A. Conservation of energy

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

The operations of your Company are not energy intensive. However, adequate measures have beeninitiated for conservation of energy:

- Quarterly /Periodic maintenance of Air Conditioners are carried out for better performanceand to control power consumption across branches.

- Electrical Planned Preventive Maintenance is performed at the branches to ensure that thehealth of the Electrical set-up is maintained which in turn conserves energy.

- changed the HVAC schedule running operation which reduces the unnecessary running of Air conditioners.

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

(iii) the capital investment on energy conservation equipment - Nil

B. Technology absorption

(i) <u>The efforts made towards technology absorption:</u>

The following efforts have been taken towards technology absorption:

a) The Company is continually working towards streamlining & optimizing the business workflows via technology absorption for most of the business functions & operations of the Company;
b) Majority of legacy applications have been, either consolidated, or decommissioned; & have been replaced with digital workflows & modern technology solutions;
c) Engineering of better technology solutions & elimination of fragmented applications, legacy applications, or applications functioning in silos; a continuous process; shall continue in- parallel; so that there are no outages & zero business continuity risks;
d) The Company is continually working towards digitization & digitalization across various business verticals;
e) The Company has adopted a cloud-first approach, for all of its existing & future applications; with a keen intent of optimizing technology spends & embracing cutting-edge tech stack.

(ii) **<u>The benefits derived like product improvement, cost reduction, product development or importsubstitution</u>**:

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

(iii) <u>In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)</u> <u>– Not applicable</u>

a) the details of technology imported
b) the year of import
c) whether the technology been fully absorbed; and
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.

(iv) <u>The expenditure incurred on Research and Development:</u>

a) We do not have a dedicated R&D division.

b) We have been adopting cutting edge technology stack (low-code / no-code development platform, etc.) & unconventional models for solution engineering; for fastest go-to-market product deliveries

Your Company operates in a highly automated environment and make use of the latest technologies to support various operations. It has in place a governance framework, information security practices and a business continuity plan to mitigate information technology-related risks. It is also guided by the Information Security Policy and Cyber Security Policy laid down by RBI Master Direction - Information Technology Framework for the NBFC Sector. Alongside we are also guided by an independent assurance team within Internal Audit which provides assurance on the Management of information technology-related risks. In addition, employees mandatorily and periodically undergo information security training and sensitization exercises.

C. Foreign exchange earnings and outgo

There were no foreign exchange earnings during the year. There was outgo of ₹ 19.20 million (previous year: ₹ 413.21 million).

<u>Secretarial Standards</u>

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

Other Disclosures

- No disclosure is required in respect of the details relating to issue of Equity Shares with differential rights as to dividend, voting or otherwise and Sweat Equity Shares, as the Company has not issued these types of shares.
- In terms of Section 148 of the Companies Act, 2013 there was no requirement of maintenance of cost records by the Company.
- There were no significant or material orders passed by any regulator or court or tribunal which would impact the status of the Company as a going concern and the Company's operations in future.
- Further, no fraud was reported by the Auditors under sub-section (12) of section 143 during the year.

Deposits

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

Whistle Blower Policy/Vigil Mechanism

Pursuant to Section 177 of the Companies Act, 2013 read with Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company has in place a Whistle Blower Policy for establishing a vigil mechanism for Directors and employees to report instances of unethical and/ or improper conduct and to take suitable steps to investigate and correct the same. Directors, employees, vendors, customers or any person having dealings with the Company may report non-compliance of the Policy to the reporting platforms as mentioned in the policy. The copy of the Policy is available on https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes.

The Directors and the Management personnel maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discrimination. The Audit Committee of the Board of Directors of the Company oversees the vigil mechanism. No person was denied access to the Audit Committee during the year.

Opinion of the Board with regard to integrity, expertise and experience (including the proficiency)of the independent directors appointed during the year

In the opinion of the Board, all the existing Independent Directors meet the standards of the Company with regard to integrity, expertise and experience (including the proficiency). Further their names have been included in the data bank created by IICA in terms of the Companies (Appointment andQualification of Directors) Fifth Amendment Rules, 2019 dated October 22, 2019.

Particulars of Employees

In terms of provisions of Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration and compensation of the employees are to be set out as an annexure to the Board's Report.

With respect to the provisions of Section 136 of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the shareholders of the Company. Any shareholder interested in obtaining such particulars may write to the Company Secretary of the Company at its Registered Office address.

Proceedings under the Insolvency and Bankruptcy Code, 2016 (31 of 2016)

In terms of Rule 8 sub-rule (5) of the Companies (Accounts) Rules, 2014, there was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year.

Directors' Responsibility Statement

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

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

Debenture Trustees

SBICAP Trustee Company Limited 202, Maker Tower – E, Cuffe Parade, Mumbai 400 005 and an office at Apeejay House, 6th Floor, 3 Dinshaw Wachha Road, Churchgate, Mumbai – 400020 Tel: + 022 4302 5555 Fax: +91 22 4302 5500 E-mail: corporate@sbicaptrustee.com Website: www.sbicaptrustee.com Contact Person: Ms. Savitri Yadav	**Axis Trustee Services Limited** 2nd Floor, E-Wing, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai - 400 025. Tel:- 022 2425 5215 / 5216 E-mail: debenturetrustee@axistrustee.com Website: www.axistrustee.com Contact Person: Chief Operating Officer.
Beacon Trusteeship Limited 4 C& D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club Bandra (East), Mumbai- 400 051 Tel: +91 22 26558759 Email: compliance@beacontrustee.co.in Website: www.beacontrustee.co.in Contact Person: Mr. Vitthal Nawandhar	

Acknowledgments

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

For and on behalf of the Board of Directors
ECL Finance Limited

S Ranganathan	**Deepak Mittal**
Managing Director	**Vice Chairman**
DIN: 00125493	**DIN:** 00010337

Date: July 28, 2022
Place: Mumbai

ANNEXURE I

MANAGEMENT DISCUSSION & ANALYSIS REPORT

MACRO ECONOMY: REVIEW AND OUTLOOK

World economy has shown a strong rebound in 2021, post a sharp dip induced by COVID-19 pandemic in 2020. The robust recovery was driven by strong consumer spending and some uptake in investment, with trade in goods surpassing pre-pandemic levels.

Come Jan'22, a slowdown was seen with emergence of the new variant bringing uncertainty, restrictions & travel curbs. Further Russia's war on Ukraine has added to the trouble thereby lowering global growth prospects and increasing inflationary pressures.

The last two years was a saga of fight against the daunting challenges posed by the pandemic and now the war. The Company rose to these challenges to safeguard the economy and the financial system from a maelstrom of shocks. It now stands at a crucial juncture once again and the biggest contribution to overall macroeconomic and financial stability as well as sustainable growth would come from maintaining price stability.

Vaccination and accelerated digitalization have enabled some countries to recover rapidly from the economic crisis created by the COVID-19 pandemic, but many others are still struggling to avoid the worst consequences.

Indian economy has shown resilience, drawing upon the innate strength of its underlying fundamentals supported by a prudent and favourable policy mix. RBI has maintained its accommodative stance throughout and continued to foster congenial financial conditions to support growth and mitigate the adverse effects of the geopolitical crisis. RBI has hiked the repo rate by 40 bps and CRR by 50 bps in emergency meet in Apr'22 while remaining accommodative with focus on careful & calibrated withdrawal of accommodation

Retail credit demand is seen getting back on track and revival is observed in Capex cycle. A quantum leap in digital adoption & greater high-skilled exports have emerged as the new drivers of economic growth & jobs in India.

Tectonic shifts caused by the conflict in Europe has created fresh challenges for global growth and the conduct of monetary policy. As the war draws on and sanctions and retaliatory actions intensify, shortages, volatility in commodity and financial markets, supply dislocations and, most alarmingly, persistent and spreading inflationary pressures are becoming more acute with every passing day. Debt distress is rising in the developing world amidst capital outflows and currency depreciations. Recent GDP releases suggest that the global economic recovery is losing pace. Employment is still below pre-pandemic level in most of the countries.

Several central banks, especially systemic ones are on the path of normalisation and tightening of monetary policy stances. Sovereign bond yields in major AEs were hardened. Bullion prices were buoyed to near 2020 highs on safe haven flows, Global equity markets fell, although more recently they have recovered some ground.

Overall Outlook

Even as the drivers of domestic economic activity are getting stronger, they face headwinds from global spillovers in the form of protracted and intensifying geopolitical tensions;

elevated commodity prices; COVID-19 related lockdowns or restrictions in some major economies; slowing external demand; and tightening global financial conditions on the back of monetary policy normalisation in advanced economies. The World economic situation and prospects calls for better targeted and coordinated policy and financial measures at the national and international levels.

Despite challenges, Indian economy remains strong and is well placed to deal with the situation emanating from the global developments. IMF has recently pointed out that the macroeconomic management of the pandemic in India has resulted in a strong recovery and the Country is in a good position to face the current external shock.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Commercial Credit Markets

Banking Industry

Reflecting the recovery in the economy after two years of the Covid-19 pandemic, banks have seen growth in advances by the end of the fiscal year 2021-22. Bank credit grew by 9.1% and the deposits were up by 10.2% as of the calendar year 2021. Credit growth is expected to hit 10% in 2022-23 which will be a double-digit growth in eight years. Strong growth in savings amid rising disposable income levels are the major factors influencing deposit growth. India's banking sector has remained stable despite global upheavals, thereby retaining public confidence over the years.

Credit demand from the retail segment, small and medium businesses has been strong, but with the economic recovery in full swing, there is demand coming from other segments as well. While the credit demand continues to be led by the retail segment, corporate credit demand too seems to be picking up now.

However, the impact of the ongoing Russia-Ukraine crisis on the domestic economy is still being monitored and it may have some impact on credit demand also. The CPI Inflation has been inching up and we expect interest rates to move upwards in financial year 2022-23.

NBFC Industry

Retail non-banking financial companies are expected to witness an improvement in the assets under management (AUM) in fiscal year 2022-23 to 8-10% vis-à-vis the growth of 5-7% estimated for fiscal year 2021-22. Growth was hampered in FY 22 by the decline in the AUM in Q1 while it improved in Q2 and Q3, resulting in overall growth of 4% for the nine months period ended December 31, 2021. The asset quality is expected to improve from the December 2021 levels. The overdues by the end of March 2023 are expected to be marginally above the pre-covid-19 pandemic level.

Entities continue to maintain adequate liquidity while capitalisation is expected to remain commensurate in relation to the growth expectations for fiscal year 2022-23. The sector is expected to observe improvement in earnings, asset quality and AUM growth. Many NBFCs also saw an improvement in their collection efficiency.

Assuming that the impact of the covid would be contained, comfortable capital position, control on asset quality and strengthened liquidity management practices will provide comfort. Within NBFCs, well run business models with stronger balance sheets, prudent risk management practices and limited vulnerability to earnings will emerge stronger.

Retail Finance

India has one of the lowest credit penetrations among larger economies and retail credit presents a large growth opportunity driven by long term trends of democratization of credit, rising household incomes and increased consumption.

In addition to retail mortgages, the other scalable area which has been a focus of all banks and NBFCs is SME finance owing to the government guaranteed scheme and co-lending model. The co- lending model has gained huge popularity since its inception. NBFCs can reduce the gaps in credit and it also provides an opportunity for the banks and NBFCs to increase their reach and customer base.

ECL FINANCE OVERVIEW

A Diversified NBFC

ECL Finance Limited (ECLF) was incorporated on July 18, 2005, as a wholly owned subsidiary of Edelweiss Financial Services Limited (EFSL). It is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India.

Our Company has obtained a certificate of registration dated April 24, 2006 bearing Registration No. N- 13.01831 issued by the Reserve Bank of India under section 45 IA of the Reserve Bank of India Act, 1934, to commence/carry on the business of Non-Banking Financial Institution not accepting public deposits subject to the conditions mentioned in the Certificate of Registration.

At ECLF, we offer a wide range of products and services for Retail as well as Corporate as well as Clients with a clear focus on client requirements while designing our products.

Objectives

1. Scale up mSME and Retail Mortgages businesses on the back of an asset light model. Focus will be mainly towards:
    a. strengthening co-lending, on-lending, co-origination and securitisation capabilities
    b. enhancing our digital and data capabilities
2. Continue to reduce the wholesale book and release equity

3. Maintain adequate liquidity even through stressed scenarios
4. Improve capital adequacy and reduce our debt-equity ratio

Today, ECLF is a Rs. 143.46 billion asset base company with presence in all the significant areas of retail credit businesses including SME and Loan Against Property, and corporate credit business.

Financial Performance Highlights

A summary of our Standalone FY22 financial highlights is as under:

- Total Revenue Rs.16,607.69 million (Rs.20,013.88 million for FY21), down 17.02%
- Profit after Tax Rs. 793.53 million (Rs.22.35 million for FY21),
- Networth Rs. 19,486.96 million (Rs. 19,010.35 million at the end of FY21)*
- Return on Average Equity 3.15% (0.09% for FY21)
- Return on Average Assets 0.48% (0.01% for FY21)
- EPS Rs.0.37 (Rs.0.01 for FY21) (FV Rs.1.00 per share)

*net of Deferred Tax Assets.

INCOME

Fund Based Revenue

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

Interest income continued to be a major contributor to the gross revenue from operations at Rs.12,119.50 million as against Rs. 17,703.84 million during the previous year, constituting around 72.98% of the total revenue from operations. Decrease in interest income is due to reduction in average loan book during the year.

Revenue from treasury and dividend income stood at Rs.3,609.87 million as against Rs 1,551.23 million during the previous year, constituting 21.74% of total revenue from operations.

Fee & Commission

Our fee & commission revenue was Rs.704.36 million for the year, compared to Rs. 550.92 million in FY21, up by 27.85%.

Net Revenue

For NBFCs, like banking industry, the concept of Net Revenue (net of interest cost) is another way of analyzing the performance. This is because interest cost, as with all Banks and large NBFCs, should reflect above the expenses line. On a net revenue basis, our fee & commission for FY22 was Rs.704.36 million (Rs.550.92 million for FY21) and Interest Income and Fund based revenue, i.e. net of interest cost, all the interest cost being for fund based revenue, was Rs.1,701.38 million (Rs. 2,394.38 million for FY21). Thus, the total net operating revenue for FY22 was Rs. 2,405.74 million (Rs. 2,945.30 million for FY21), down by 18.32%. In addition, the Other Income for FY22 was Rs. 173.96 million, compared to Rs.207.89 million in FY21.

EXPENSES

Our total costs for FY22 was Rs. 16,081.94 million (Rs. 21,614.95 million in FY21), down by 25.60%.

Credit Cost

During the current year, the Company has recorded for the year ended March 31, 2022, an amount of Rs. (1,187.54) million towards impairment on financial instruments, Rs. 713.30 million towards loss on derecognition of financial instrument.

Employee benefit expenses

Employee benefit expenses for FY22 were Rs.896.45 million (Rs.1,012.64 million in FY21), down by 11.47%.

Other expenses

Other expenses including depreciation and amortisation for FY22 were Rs. 1,631.74 million (Rs. 4,196.84 million in FY21), down by 61.12%.

PROFIT AFTER TAX

The Company has posted profit after tax of Rs.793.53 million for FY22 against profit after tax of Rs. 22.35 million for FY21.

The Company has not paid any dividend in FY22.

Analysis of Profitability

The Company has posted profit after tax of Rs.793.53 million for FY22 which has improved from FY21, lower credit cost during FY22 being partially offset by lower net interest income in FY22.

Balance Sheet Gearing

For an NBFC like ECLF, financial capital is one of the most important resources. We believe that a strong balance sheet imparts unique ability to our Company to be able to meet demands of our large clients, capture any episodic opportunities and be able to raise debt capital whenever required. ECLF has a total net worth of Rs.19.49 billion as at the end of FY22 compared to Rs. 19.01 billion at the end of FY21. Amount of debt on the Balance Sheet as on March 31, 2022 was Rs.109.55 billion (Rs. 159.56 billion as on March 31, 2021), a Gearing Ratio of 2.95 times. The gross Balance Sheet size at the end of FY22 was Rs.143.46 billion compared to Rs.189.79 billion a year ago.

ANALYSIS OF SIGNIFICANT CHANGES IN FINANCIAL RATIOS

As per the recent amendments to the SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, we give below additional information in respect of financial parameters that are applicable to our Company:

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

(a) Debt Equity Ratio 2.95 at the end of FY22 compared to 4.24 at the end of FY21. This was due to lower borrowings on the back of degrowth in the credit book and issuance of Compulsory Convertible Debentures to CDPQ which is being added to equity while arriving at Debt Equity ratio.

(b) Operating profit margin, net profit margin and return on average equity are in positive on the back of posting of profit by the company in FY21 compared to respective ratios in FY20.

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

BUSINESS SEGMENT-WISE PERFORMANCE HIGHLIGHTS

Brief highlights of our business performance in FY22 are as under:

Credit Business

At Edelweiss, we have built a significant competitive position in the credit business that is spread across wholesale and retail finance segments. It has both robust size and scalability. Our growth aspiration is fueled by a deep understanding of customer needs and an innovative product suite aligned to meet their requirements. Our competitive edge will come from investments in direct technology platform and next generation data analytics.

Total gross credit book of ECLF stands at Rs. 56.91 billion at the end of this Financial Year compared to Rs.86.34 billion at the end of previous year.

The composition of Credit book as on March 31, is as under:

(Rs. In billion)

Product/Segment	As at March' 21	As at March' 22
Agri Commodities	**0.85**	0.41
Loan against Properties	**10.71**	4.72
Loan against Securities	**2.27**	1.03
SME & Others	**11.03**	6.22
Structured Collateralised Credit	**14.54**	6.36
Wholesale Mortgages	**46.93**	38.17
Total Credit Book	**86.34**	**56.91**

The **asset quality** of the overall credit book continued to remain under control in spite of headwinds with Gross NPLs at 2.84% and Net NPLs at 2.00% as on March 31, 2022, compared to 7.23% and 6.40% respectively a year ago. The specific Provision Coverage Ratio (PCR) on Gross NPLs was 30.15% at the end of FY22 compared to 12.33% at the end of FY21. Total Provision Cover including the expected credit loss provision on stage I and II assets is 231.21% at the end of this year compared to 84.54% at the end of FY21.

We continue to focus on risk management and achieving growth in the book without diluting risk standards. Thus we have been able to maintain stable asset quality across cycles in spite of headwinds and gradual transition to 90+ days past due (DPD) norms from 180+ DPD since April 01, 2015.

Wholesale Book Reduction

As per our stated strategy, we have further reduced our wholesale credit book by ~Rs. 8.76 billion from Rs. 46.93 billion to Rs. 38.17 billion. Successful workouts on challenging assets through focused resolution efforts is progressing well which has resulted in robust inflows in Q4 with strong visibility, strengthened security structure, and improved profitability. Increased investor interest in real estate projects, enabled to fast track the reduction via sell down including moving the assets to AIF platform, where we can also organize for last mile funding. We expect the recovery momentum to continue going forward supported by strong demand for real estate. The capital which will be released with wholesale book reduction will be utilized for growing our profitable SME book.

The **mSME finance business** caters to the micro and small enterprises of the highly scalable mSME market.

The mSME segment in India is estimated to have 6.3 crore units, which employs over 11.1 crore people. The segment contributes approximately 27% of GDP and is crucial to the functioning of the economy, in terms of employment generation, exports and lending opportunities.

The mSME sector was expected to rebound sharply with a sturdy growth for the financial year 2021-22 on the back of demand recovery following the pick-up in economic activity with the easing of covid restrictions. mSMEs are rapidly adopting digital payments over cash, with 72% payments done through the digital mode compared with 28% cash transactions. Rise in digital adoption presents prospects for further growth in the sector.

During the year; we have heavily invested in building capabilities, assisting customers and navigating market uncertainties with minimal impact on our books and have tried to grab as much of opportunities as possible, by focusing on:-

- Asset light model through partnership with banks
- Business processes transformation for better efficiency and customer centricity
- Digital transformation including building of a new lending platform using a combination of low code, agile, and platform thinking
- Securing arrangements with banks for co-lending
- Adopting technology for secure connectivity
- Supporting our clients through ECLGS scheme loans for re-booting their businesses
- Data analytics and building algorithms for better risk and collection modeling

COVID-19 crisis has had a significant impact on the credit business. Businesses which had a strong foundation moved ahead to survive the pandemic. Our investment in better resources and CLM partnerships with large banks aided us in lowering our credit cost, maintaining a healthy recovery rate. Moving onwards, our business will leverage data and technology more intensely along with an asset light model to build a strong and profitable portfolio.

BALANCE SHEET MANAGEMENT

For any large NBFC like ours, its capital forms the most important resource, besides the human capital. From its earliest days, ECLF has recognised this and has always focused its energies in creating a strong and liquid balance sheet. A strong balance sheet also enables us easier access to market borrowings on the back of a strong credit rating. The Government Securities amounting to Rs.10,085.12 million that we hold in our Investment Portfolio help us in the liquidity management as we are able to borrow on an overnight basis from CBLO market against these securities. A liquid balance sheet simultaneously enables ECLF to redeploy capital efficiently towards business opportunities that appear at short notice.

With enhanced monitoring of liquidity cushion, we could successfully meet our entire contractual obligation on time or even ahead of time in some cases.

Liabilities Profile in Sync with Asset Profile

ECL Finance Ltd has consistently maintained an adequate liquidity cushion on the balance sheet and have consciously reduced the dependence on short term money market borrowings; thereby further strengthening the Balance Sheet.

The outstanding amount of Market Linked Debentures as at the end of FY22 was Rs.5647 million. The outstanding borrowings have reduced from Rs. 15,9560 million as at the end of FY21 to Rs. 10,9550 million as at the end of FY22. The consortium of banks extending credit facilities to ECLF is led by the Union Bank of India."

Diversification of Sources of Funding

We have a diversified source of borrowing comprising of lenders such as Banks, Life Insurance companies, Pension and Provident Funds, HNIs and International Investors.

We continue to focus on raising long term borrowings from diversified sources to fund the business growth.

As a result, we have a comfortably matched ALM profile.

Capital Adequacy Ratio

As per the Non-Banking Financial Companies Prudential Norms stipulated by Reserve Bank, all NBFCs–ND–SI are required to maintain a minimum Capital to Risk-weighted Assets Ratio ("CRAR") of 15%. Our CRAR over the period of last three years is as under:

Particulars as on	March 31, 2020	March 31, 2021	March 31, 2022
C R A R prescribed by RBI %	15	15	15
Total CRAR	**21.02%**	**25.29%**	**30.50%**
Out of which:			
Tier I	10.51%	13.70%	16.38%
Tier II	10.51%	11.59%	14.12%

OPPORTUNITIES

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

- Democratisation of credit, aspirations of younger population and increasing entrepreneurship, household savings moving to investments and increasing number of demat accounts, increasing financial literacy in the Country will continue to present growth opportunities for companies like ours.
- The monsoon is predicted to be normal for another year which will boost farm sentiments and improve overall prospects of an economic revival.

THREATS

While the economy is gradually coming out of the shadows of the pandemic, following threats cannot be ruled out and these, if they materialize, could reverse the current revival of the economy including NBFC sector in India:

- An inception of another COVID-19 wave may reverse recovery of macro-economy, domestically as well as globally.
- If the current challenges for NBFCs to source liabilities do not resolve soon, growth will continue to be a challenge for the sector.
- Any abnormal surge in oil prices or weak monsoon or further delay in revival of capex cycle can also inhibit growth.
- The consequences of Russia – Ukraine war on Indian markets is yet to be seen.

OUTLOOK & STRATEGY

While the GDP growth forecast for fiscal year 2022-23 is robust, threats as outlined above can quickly derail the current momentum of the economy. We also saw the biggest vaccination program that the world has seen, which helped us combat with the virus. Hopefully, impact of Covid will not be severe. Our confidence in the long-term India story continues to remain intact and growth opportunities will come back sooner than later.

As we look forward, we will continue to focus on culture, people, nurturing and scaling our business. At the same time, we will also see some new paradigms of focus – process and institutionalization and tech-oriented thinking.

As the economy gains traction gradually, we are well-placed to take advantage of this India growth cycle. With strong capitalisation, tailwinds from the economy and the inherent strength of our business, we are looking at an exciting and fulfilling journey ahead.

ENTERPRISE FUNCTIONS

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

GOVERNANCE

Governance is at the heart of everything we do and it transcends beyond compliance extending to ethics and values as well because we believe that well governed organisations tend to last longer. Governance to us means **Trust** covering Ethics & Integrity, **Legitimacy** encompassing Transparency, Authenticity and Fairness, **Accountability** including Decision making, responsiveness, **Competence** highlighting Simplicity, and above all **Respect** for letter and spirit of law.

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

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

RISK MANAGEMENT

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

The Company has devised an Enterprise Risk Management framework to adopt holistic approach towards risk management . This framework has helped us strategically benchmark our practices across different business lines to the best in class levels. We have also put in place an in-house "Eleven-risk framework" to formalize the process of Assess, Avoid, Manage and Mitigate risks across business verticals in a continuous manner.

Risk Culture is of paramount importance to us. We have taken multiple initiatives to further improve and strengthen the Risk Culture through the organisation. Appropriate risk behaviour is recognized and applauded through specific reward and recognition programs.

Recently, the whole world has faced a tail risk event of COVID-19 Pandemic. Coupled with national lockdown, this event necessitated unique approaches to mitigate different types of risk. Our advance preparation along with technology enablement in utmost agility ensured almost all our critical staff could work from home seamlessly for business continuity and serving customer deliverables.

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

Embracing Intelligent Automation (IA) is the way forward for NBFCs in India. Being competitive does not only imply reducing cost but also aligning the Organization to the fast-changing technology and market landscape. ECLF believes and understands the importance for digital transformation and has been constructively investing in upscaling business processes. ECLF is using analytics effectively to increase efficiency of collection, detect frauds, and create segmented marketing campaigns and more. At ECL Finance Ltd. we have leveraged on technology for customer ease and operational excellence.

Key Risks

ECLF deals in multiple asset classes and client segments and is thus exposed to various risks that can be broadly classified as follows -

Credit Risk

The credit risk framework of ECLF ensures prior and periodic comprehensive assessment of every client, counterparty and collateral. Exposure limits are sanctioned to counterparties based on their credit worthiness. Credit risk monitoring mechanism ensures that exposure to clients is diversified and remains within stipulated limits. Careful selection of quality and quantum of collateral is key for a client limit. Effective credit risk management has enabled us to steer through the current environmental stress conditions without any major impact.

Market Risk

ECLF faces the usual market risks on the liabilities as well as assets side. In order to monitor such market risk, a comprehensive set of reports and limits has been put in place that track positions, value at risk and duration of assets. The risk framework ensures that the risks are monitored and necessary timely action is taken for every single instance of breach, in case they occur.

Additionally, the asset liability mismatch and collateral margins are regularly assessed. Liquidity requirements are closely monitored and necessary care is taken to maintain sufficient liquidity cushion for maturing liabilities and for any unforeseen requirements. We also ensure diversification in source of borrowing to reduce dependence on a single source. We also pro-actively modify our liabilities profile in sync with the changing assets profile to ensure that we do not carry any material asset liability mismatch.

Operational Risk

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

All of the above will also help us in ensuring our compliance with Companies Act 2013 requirement of "adequate internal financial controls system and operating effectiveness of such controls".

Fraud Risk

Business environment, increasing complexities and sophistication of technology makes us vulnerable to both internal & external fraud risks. At Edelweiss Group level we have defined and implemented an anti-fraud framework which lays emphasis on proactive reporting & early detection of incidents and which is also followed by us. Trainings & campaigns ensure that Edelites are cognizant of this risk. More specifically, for ECLF, due diligence on borrower's income, KYC and title reports is carried out strictly as per laid down Policy to ensure frauds are avoided.

Business Continuity Risk

Pandemic, natural calamities like fire, floods, earthquakes, acts of terrorism can adversely impact continuity of business. Such events expose us to risks of loss of customers / business, data.

ECL Finance has BCP – Business Continuity Plan in place to mitigate such exigencies. We continuously test check and review the processes. In Covid-19 pandemic, ECL Finance has shown tremendous flexibility in all processes. All our processes were tested and suitably strengthened in Work From Home Covid environment.

Information and Cyber Risk

Company continues to adopt the best industry practices. With adoption of standard practices, close monitoring and quick response team; ensures Information and Cyber Risks are mitigated. Company has strengthened the data protection to enable Work from Home and mitigate new cyber threats arising from remote working scenario.

Covid-19 Risk

The Covid-19 pandemic is a biggest test for World Economy. Pandemic will have an unprecedented macro-economic shock to financial systems.

ECL Finance focused on being proactive and conducted periodic portfolio reviews and took suitable measures to mitigate the risks arising from such events.

Our paranoia about risk management has helped us to steer though environmental stress in recent times without a major impact.

NBFCs in India faced greater challenges in its customer connect and ensuring prompt repayment from customers. This problem was amplified with the operational challenges of implementing Govt. policies like loan moratoriums, lack of proper staff availability for critical operations affected the routine running because of lockdowns and other precautionary measures by the Govt. in curbing the pandemic.

ECLF Finance has proactively managed the situation by enabling seamless Work From Home model for all functions including critical ones. Its technology initiatives has enabled ECLF to activate online payment facilities for clients, digital payment through NACH representation, Razorpay, IVR calls followed by payment link SMSs to action payments immediately.

INTERNAL CONTROL POLICIES AND THEIR ADEQUACY

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

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

Internal Audit

Internal Auditors follow Standards on Internal Audit along with guidelines issued by regulators and ensure compliance with section 138 of the Companies Act 2013, read with Rule 13 of the Companies (Accounts) Rules, 2014, as amended and notified from time to time. The Internal Audit function operates under the supervision of the Audit Committee of the Board.

The internal audits for FY 2021-22 were carried out by external professionals who provide independent view and assurance by assessing the adequacy and effectiveness of internal control, compliance to internal and external guidelines and risk management practices. Internal Audit reports are reviewed by the Audit Committee of the Board. Pursuant to RBI guidelines on Risk Based Internal Audit, a Risk Based Internal Audit Policy and framework has been put in place under the guidance of a Steering Committee and audit plan for FY 2022-23 has been formulated basis risk assessments conducted for various functions. The Audit Committee is apprised of progress updates and inputs received are actioned.

HUMAN RESOURCES

The year has been full of learning experiences, and our people displayed resilience and unwavering commitment. We narrowed down our strategic priorities for the year; be it ensuring people's safety, conscious investment in knowledge, perspective and skill building, leveraging technology and data, exploring innovative solutions, building cost & process efficiencies or higher engagement with our internal and external stakeholders. As we implemented our priorities, being authentic and agile was most important. We believe keeping our people updated and informed along the way had a positive impact on employee morale, resulting in highly engaged teams.

Our people are our greatest strength, and we are committed to creating a workforce that reflects our culture and values. Attracting, developing, and retaining talent that bring a variety of experiences and perspectives, is a step forward towards building this culture. People with rich experiences are drawn together by a common vision, with the aim to positively impact growth and development.

Post attracting the right talent, our next priority is to prepare them for their next role and our robust training and development calendar ensures our teams have everything they need to achieve their career aspirations. SPARK is our learning platform that aims to instill the art of learning via leadership stories while Project Siksha is a holistic immersion plan, a walkthrough of product offering, and all the information needed for the entire sales and credit frontline team to originate and process Secured Lending cases. In addition to these, business specific trainings and knowledge and experience workshops are conducted regularly on the Learning Hub platform. Experiential Learning Groups are focused on training the next generation of leaders, while internal job movements, bridged the gap between our people and their aspirations

Developments on the HR front in FY22 are summarized below:

- The headcount as on March 31, 2022 (the end of the FY22) was ~400.
- We partnered with various stakeholders in the ecosystem to create an exhaustive roadmap for our hiring process. The aim was to attract freshers (graduate and post-graduate) and talent from across competing firms were onboarded.
- We implemented learning interventions designed to address all stages of the employee's journey - Pre-boarding, onboarding, and integration stage.
- Investment in digitalization & innovation – The launch of our unified HRMS tool DarwinBox, made our processes more efficient for our people. The Performance Management System was moved on to the platform and our teams can monitor their year-end feedback, development plans, complete goal setting, and track progress on a real time basis, all at the click of a button.

A robust reward and recognition program to applaud our teams, spontaneously and over the course of the year, has helped drive the culture of recognition. The opus platform, is a more spontaneous recognition program while the GEM awards recognize our people who have gone the x-tra mile, more specific to the SME business.

People Practices during COVID-19 Pandemic

The health and wellbeing of our people continues to be a priority, and we organized several informative workshops and webinars to educate our teams about the key dos and don'ts during the pandemic. Our Covid warrior team, constituting people across businesses and functions, came together to provide any support that our people required. This could be helping with medical supplies and health emergencies, or even just offering emotional support.

During the pandemic, our hybrid work model gave our people the flexibility to WFH, WFO or WFF and the use of technology made sure we stayed connected at every stage. Staff communication around COVID advisories, health & safety webinars, vaccination drives and various other Covid initiatives, provided our people with the required information to help them and their family deal with the situation. Our 'We Care' umbrella monitored individual health through various touch points including regular phone calls.

- 11% of our workforce was impacted in the second COVID wave
- We ensured that our employees were engaged, and all support was provided to fulfil their professional responsibilities.

- Proactive measures were taken to help people stay on top of their health and wellness. In collaboration with our health partner, we launched the 'Expert Speak series', designed to create awareness and mindfulness about overall health and safety. These webinars covered facts around COVID vaccination, , pre and post COVID care, the power and healing of ayurveda, awareness about the Omicron variant, and busting some myths about COVID, to name a few.
- Our exclusive 24X7 teleconsultation and counselling service made it easy for our people and their dependents to consult a wide range of doctors and specialists on multiple health issues.
- The COVID special leave was introduced so that our people could take time off for a faster recovery process, for self and family
- Vaccination drives were organized to cover all our employees and their family members, at a pan India level

  There is a constant watch on the situation and with reduction in the number of cases across India, we transitioned completely to working from the office. All support was extended to make this transition seamless, be it setting up technology, any infrastructure support, and ensuring that we followed the safety protocols at all times.

TECHNOLOGY

Leadership

In the changed context, virtual leadership emerged to ensure that plans, decisions, information, and accomplishments are shared to motivate team members while sustaining connection, trust, and engagement with team members through frequent check-ins.

Our tiered Edelweiss Group Leadership Program in businesses continues to build capacities to nurture top talent in entry and mid-level. Focus on Senior leadership cohort continues to build a strong thinking body which acts as catalyst to shape our strategy. We are a part of this Group Leadership Programme.

Technology resiliency

The key pillars of technology resiliency have been:

- **Cloud adoption**: Migrating to the Cloud technology ensured high availability, scalability and resiliency of our business applications with employees being able to securely access information from anywhere, using any device and at any time
- **Unified collaboration suite**: Deployment of a unified collaboration suite helped improve the employee productivity

- **Intelligent Automation**: This enabled us to develop new experiences and deliver process changes rapidly through low code software development tools
- **Artificial Intelligence**: Leveraging advanced Machine Learning algorithms, we have deployed over 20 models for evaluating risks, performing AML checks, doing customer KYC, identifying frauds, etc. thereby building efficiencies in our business.

Information Security

During COVID-19 pandemic, the threat landscape reached a critical tipping point that changed cybersecurity outlook. It not only increased digitization but also cybercrimes. To cater to this changing landscape, we have adopted zero trust security model. This new model requires strict identity verification for every person and device trying to access resources on a private corporate network, regardless of whether they are sitting within or outside of the corporate perimeter. We further strengthened the cyber security posture of the organization, we migrated all the critical internet-facing interfaces behind an established cloud-based web application firewall to safeguard against web application attacks as well as distributed denial of service attacks. Further, regular vulnerability assessment and penetration testing, review of segregation of duties, other audit, and compliance testing(s) have ensured that the organization's information assets are safe and secure. An awareness program is conducted for all employees using the digital channel regarding cyber security. Employees of the Organization are required to undergo a mandatory online learning module on information security and affirm that they have understood and are aware of the protocols to be followed. Regular information security related flyers/e-mailers are also sent to all employees for awareness and training purpose.

As a best practice, the Organization will continue its focus on the automation of security orchestration to respond to cyber incidents through its Security Operations Centre (SOC).

During FY 2021, an Information System (IS) audit was conducted by a CERT-in empaneled audit firm. The areas audited were, inter alia, user access management, patch management, business continuity and disaster recovery, data protection and the information security management system framework including cyber security. The audit revealed no major observations.

CUSTOMER EXPERIENCE

At Edelweiss, Customer Experience (CX) is regarded as a key pillar of business success in true spirit.

With this motto in sight, we have continued to build a culture of customer-centric business. To drive this agenda, we have also implemented various measures including digital upgrade. Through these efforts, we are responding to evolving customer needs, and institutionalizing these processes across the organisation, to ensure a superlative experience for all our customers, throughout the value chain.

Cautionary Statement

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

****

manish ghia & associates
COMPANY SECRETARIES

Manish Ghia & Associates
: +91 22 2681 5400
: info@mgconsulting.in
: www.mgconsulting.in

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To,
The Members,
ECL Finance Limited
Mumbai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ECL Finance Limited** (CIN: U65990MH2005PLC154854) and having its registered office at 5th Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (W), Mumbai - 400070 (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the company during the audit period)**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not applicable to the company during the audit period**);

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (applicable up to August 12, 2021); and The Securities and

Manish Ghia & Associates, Mumbai, Company Secretaries

Regd. Office : 4, Chandan Niwas (Old), M.V. Road, Off Andheri Kurla Road, Opp. Vishal Hall, Andheri (E), Mumbai-400069, Maharashta, India.

Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (applicable w.e.f. August 13, 2021) (**Not applicable to the company during the audit period**);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (applicable up to August 8, 2021); and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (applicable w.e.f. August 9, 2021);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (**Not applicable to the company during the audit period**);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (**Not applicable to the company during the audit period**); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (applicable in respect of Non-convertible debentures of the company listed at stock exchanges);

(vi) The Reserve Bank of India Act, 1934 and Credit Information Companies (Regulation) Act, 2005 and the directions, regulations issued by Reserve Bank of India thereunder and as applicable to Non-Banking Financial Companies, being laws that are specifically applicable to the Company based on their sector/ industry.

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

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

We further report that

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

The provisions of Regulations 16 to 27 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) are applicable w.e.f. September 7, 2021 are applicable to the company being a "High Value Debt Listed Entity" (HVDLE) on "Comply or Explain" basis; the company has time till March 31, 2023 to achieve full compliance with the said provisions of Listing Regulations;

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

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

Manish Ghia & Associates Mumbai Company Secretaries

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

We further report that during the audit period the company has:

1. shifted the registered office from 'Edelweiss House, Off C.S.T. Road, Kalina, Mumbai - 400098' to 'Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (west), Mumbai - 400070' with effect from January 31, 2022;

2. obtained the approval of members under Section 42 of the Companies Act, 2013, by passing a Special Resolution in the Annual General Meeting held on September 24, 2021 for issuance of Non-Convertible Debentures aggregating to Rs. 20,000 crores on private placement basis in one or more tranches; further, the said limits have been revised and reduced to Rs. 12,000 crores and approval of members has been obtained by passing Special Resolution for the same in the Extraordinary General Meeting held on December 3, 2021; and

3. obtained the approval of members under Sections 180(1)(c) of the Companies Act, 2013, by passing a Special Resolution in the Extraordinary General Meeting held on December 3, 2021, for an amount not exceeding Rs. 30,000 crores.

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

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

Manish L Ghia

Manish Ghia & Associates
MUMBAI
Company Secretaries

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

Place: Mumbai
Date: May 09, 2022
UDIN: F006252D000281175

'Annexure A'

To,
The Members,
ECL Finance Limited
Mumbai

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.

4. Where ever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

7. On account of the restrictions imposed by the Government Authorities on opening of offices, travel and movement due to Covid19 pandemic during the year under review, we for the purpose of completion of our audit have relied on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

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

Manish L Ghia

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

Place: Mumbai
Date: May 09, 2022
UDIN: F006252D000281175

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

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

Sr. No.	Disclosure Requirement	Disclosure Details		
1.	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	**Directors**	**Title**	**Ratio**
		Mr. Rashesh Shah*	Chairman (in Non-Executive Capacity)	-
		Mr. Deepak Mittal**	Vice Chairman (in Executive Capacity)	161.68
		Mr. S Ranganathan***	Managing Director	-
2.	Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	**Directors/KMP's**	**Title**	**% Increase**
		Mr. Rashesh Shah*	Chairman (in Non-Executive Capacity)	-
		Mr. Deepak Mittal**	Vice Chairman (in Executive Capacity)	469.21%
		Mr. S Ranganathan***	Managing Director	-
		Mr.Phanindranath Kakarla****	Chief Financial Officer	156.65%
		Mr. Deepak Khetan*****	Chief Financial Officer	-77.97%
		Ms. Kashmira Mathew	Company Secretary	239.73%
3.	Percentage increase in the median remuneration of employees in the financial year	17.02%		

4.	Number of permanent employees on the rolls of Company at the end of the year	Employee on the rolls of Company as on 31st Mach 2022 is 389

5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional Circumstances for increase in the managerial remuneration	The average increase in the remuneration for employees other than the managerial personnel is 65.5% and for managerial personnel 264.2%.
6.	Affirmations that the remuneration is as per the remuneration policy of the Company	It is affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

*Term as Managing Director expired on July 31, 2021
**Redesignated as Vice Chairman (in Executive Capacity) wef close of business hours on June 10, 2021, and term as Managing Director & CEO expired on June 10, 2021
***Appointed as Managing Director wef July 26, 2021
****Appointed as CFO wef June 10, 2021
*****Resigned as CFO wef April 23, 2021

Corporate Governance Report

Corporate Governance Philosophy

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

The Board also believes that sound governance is critical to retain and enhance stakeholders' trust. The Company perceives governance in its widest sense almost like a trusteeship, a philosophy to be championed, a value to be cherished and an ideology to be lived.

Governance Structure

The Company has implemented a governance structure with defined roles and responsibilities of every systemic constituent. The Company's shareholders appoint the Board of Directors, who, in turn, govern the Company. The Board has constituted various Committees to discharge responsibilities in an effective manner. The Chairman provides strategic direction and guidance to the Board.

The Board

The Board of your Company represents an optimal mix of professionalism, knowledge and experience, which enables the Board to discharge responsibilities and provide effective leadership for the achievement of a long-term vision and the highest governance standards. As on the date of this Report, the Board comprised of 9 Directors – 2 Executive Directors and 7 Non-executive Directors including 4 Independent Directors.

The Board critically evaluates the Company's strategic directions, management policies and their effectiveness. Senior executives are invited to provide additional inputs at Board meetings for the items discussed by the Board of Directors as and when required. Further, transparent, frequent and detailed interaction provides a strategic roadmap for the Company's growth.

The appointment and the tenure of Independent Directors adhere to the requirements of the Companies Act, 2013 read with Regulation 17(1A) and 25 of the SEBI (LODR) Regulations, 2015.

The Nomination and Remuneration Committee and Board of Directors recommend the appointment/ re-appointment of Independent Directors for consideration of the Shareholders.

Directors qualifications, skills, expertise, competencies and attributes

ECL Finance Limited believes that it is the collective effectiveness of the Board that impacts Company performance and therefore members of the Board amongst themselves should have a balance of skills, experience and diversity of perspective suitable to the Company. Given the Company's size, scale and nature of its businesses, the Board has identified skills/ expertise/ competencies in the specified areas as defined in below table, for the effective functioning of the Company and possessed by the Board members.

Directors	Industry Knowledge/ Experience		Technical Skills/Experience						Behavioural Competencies	
	Financial and Capital	Understanding of laws and regulations	Accounting and Finance	Risk Management	Strategic Management	Legal and Compliance	Information Technology	Governance	Leadership and	Interpersonal Relations
Mr. Rashesh Shah	√	√	√	√	√	-	√	√	√	√
Mr. Venkatchalam Ramaswamy	√	√	√	√	√	-	√	√	√	√
Ms. Vidya Shah $	√	√	√	-	√	-	√	√	√	√
Mr. P. N. Venkatachalam	√	√	√	√	√	√	-	√	√	√
Mr. Kunnasagaran Chinniah	√	√	√	√	√	√	√	√	√	√
Mr. Biswamohan Mahapatra	√	√	√	√	√	√	√	√	√	√
Mr. S. Ranganathan	√	√	√	√	√	√	√	√	√	√
Mr. Deepak Mittal	√	√	√	√	√	√	√	√	√	√
Ms. Anita George	√	√	√	√	√	√	√	√	√	√
Mr. Shiva Kumar*	√	√	√	√	√	√	-	√	√	√

$ Ceased to be Non-Executive Director of the Company w.e.f. close of business hours on July 31, 2022

* Appointed as an Additional (Independent) Director on July 28, 2022

Confirmation by Directors regarding directorship/ committee positions

Based on the disclosures received, none of the Directors on the Board holds directorships in more than ten public companies and none of the Independent Directors serves as an Independent Director on more than seven listed entities as on 31 March 2022. Further, no Whole-time Director serves as an Independent Director in any other listed company. Necessary disclosures regarding Committee positions in other public companies as on 31 March 2022 have been made by the Directors and has been reported elsewhere in the Report.

Compliance Initiatives

At ECL Finance Limited, compliance is a way of life. Our compliance priorities fulfil continuously evolving compliance requirements that reflect our own work, changing market conditions and the non-compliance risks of our business. The Company reviews compliance risks at regular intervals.

The Company also developed a robust, institutionalized and integrated compliance framework to provide reasonable assurance to the Management and Board about the effectiveness of its compliance management systems. The compliance management systems are in the process of automation for more effective internal control.

Board Meetings

The Board regularly meets to deliberate and decide business policy and strategy in addition to routine and other statutory businesses. All material information is circulated to the Directors before meetings or is placed at the meeting.

A tentative meetings calendar of the Board/ Committees is circulated to help them plan their schedule and ensure meaningful participation in meetings. Additional meetings are convened wherever necessary. The Company also provides video/ audio visual/ teleconferencing facilities to Directors to facilitate their participation in meetings.

Generally, meetings of the Board/ Committees are held in Mumbai at at the registered office and/or through video conferencing / other audio-visual means. The agenda of the Board/ Committee meetings is prepared by the Company Secretary in consultation with the Chairman/ Chairman of the respective Committee(s).

During 2021-22, Board met 5 (Five) times on June 10, 2021, August 04, 2021, October 27, 2021, January 31, 2022, and March 24, 2022. The maximum interval between any two Board meetings did not exceed the regulatory timelines.

The Company Secretary attends all meetings of the Board and its Committees and is, inter-alia, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees are sent to the members for their comments in accordance with the Secretarial Standard and after incorporating the comments of Directors, the minutes are entered in the minutes book within 30 days of the conclusion of the respective meetings.

The Company has an effective post-meeting follow-up, review and reporting process of decisions taken by the Board. The significant decisions of the Board are promptly communicated to the concerned departments/ business units. The action taken reports on decisions of the previous meeting(s) are placed at the immediate succeeding meeting for review by the Board.

Composition, Directorships and Attendance as on 31 March 2022

Name & Designation	**Financial Year 2021-22 - Attendance at**		**No. of Directorships in other companies**			**No. of Committee positions held in public companies including ECL Finance Limited (Audit Committee and Stakeholders Relationship Committee)**	
				Others			
	Board Meeting	**Last AGM**	**Listed**	**Public**	**Private**	**Member**	**Chairperson**
Executive Directors							
Mr. Deepak Mittal	5	Yes	0	3	0	1	0
Mr. S Ranganathan*	4	Yes	0	3	0	2	0
Non-executive Non-independent Director							
Mr. Venkatachalam Ramaswamy	4	-	1	6	0	3	2
Mr. Rashesh Shah	5	-	1	4	1	0	0
Ms. Vidya Shah	5	-	1	4	2	2	1

Ms. Anita George	4	Yes	1	2	1	1	0
Independent Directors							
Mr. P. N. Venkatachalam	5	Yes	2	4	0	5	4
Mr. Biswamohan Mahapatra	5	-	1	5	0	5	2
Mr. Kunnasagaran Chinniah	5	-	2	6	0	8	1

**Mr. S. Ranganathan has been appointed as an Additional Director and Managing Director of the Company with effect from the date of RBI approval i.e. July 26, 2021.*

Except for Mr. Rashesh Shah and Ms. Vidya Shah, none of the Directors are related to each other.

Directors Induction and Familiarization Programme

The Board members are provided with necessary information, documents, reports and internal policies to familiarise them with the Company's procedures and practices. Presentations at regular intervals are made by the Senior Management, covering areas like operations, business environment, budget, strategy and risks involved. Updates on relevant statutory, regulatory changes encompassing important laws/ regulations applicable to the Company are circulated to Directors.

Upon appointment, Independent Directors receive a letter of appointment, setting out in detail the terms of their appointment, duties, responsibilities and indicative time commitment.

The details of familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes.

Resume of Directors proposed to be re-appointed

The brief resume of Directors proposed to be appointed/re-appointed along with other information as required in terms of Secretarial Standards is appended in the Notice convening the 17th Annual General Meeting of the Company.

Committees of the Board

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

i. Audit Committee.
ii. Corporate Social Responsibility Committee.
iii. Nomination and Remuneration Committee.
iv. Risk Management Committee.
v. Stakeholders Relationship Committee.

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

The Board also constitutes specific committee(s) from time to time, depending on emerging business needs. The terms of reference of the Committees are periodically reviewed and modified by the Board. Meetings of each Committee are convened by the Chairman of the respective Committee. The Company Secretary prepares the agenda notes in consultation with the respective Committee Chairman and circulates the same in advance to all members. Minutes of the Committee meetings are approved by the members of the respective Committee and thereafter the same are noted by the Board.

The Company implements an effective post-meeting follow-up, review and reporting process concerning the decisions taken by the Committees. The significant decisions are promptly communicated by the Company Secretary to the concerned departments/ business units Head(s). The action-taken report on decisions of the previous meeting(s) is placed at the immediate succeeding meeting for review by the respective committee.

i Audit Committee

Composition, Meetings and Attendance

As on March 31, 2022, the Audit Committee comprises of four directors namely Mr. P. N. Venkatachalam (Independent Director), Mr. Biswamohan Mahapatra (Independent Director), Ms.

Anita George (Nominee Director) & Mr. Kunnasagaran Chinniah (Independent Director). All the members possess financial/ accounting expertise/ exposure and have held relevant financial/accounting experience.

The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations, 2015.

During 2021-22, five meetings of the Audit Committee were held on June 10, 2021, August 04, 2021, October 27, 2021, January 31, 2022, and March 23, 2022, the attendance of which is as under. The maximum interval between any two meetings did not exceed the regulatory timelines. The requisite quorum was present in all meetings.

Name of Member	**Position in the Committee**	**No. of Meeting(s)**	
		Held	**Attended**
Mr. P.N. Venkatachalam	Chairman	5	5
Mr. Biswamohan Mahapatra	Member	5	5
Mr. Kunnasagaran Chinniah*	Member	5*	2*
Ms. Anita George	Member	5	5

** Mr. Kunnasagaran Chinniah inducted in the Committee with effect from October 27, 2021.*

The Audit Committee invites executives as it considers appropriate, particularly the Chief Financial Officer, Chief Risk Officer, Head – Internal Audit and representatives of Statutory Auditors and Internal Auditors (for internal audit matters) to be present at its meetings. The Company Secretary acts as the Secretary to the Committee. There were no instances wherein any recommendation of the Audit Committee was not accepted by the Board.

Terms of Reference

Terms of Reference of the Committee is attached as Annexure 1.

ii Corporate Social Responsibility (CSR) Committee

Composition, Meetings and Attendance

As on March 31, 2022, the Corporate Social Responsibility Committee presently comprises of three Directors namely Mr. P.N. Venkatachalam (Independent Director), Mr. Kunnasagaran Chinniah (Independent Director) and Mr. S. Ranganathan (Managing Director). The Committee's composition and terms of reference are in compliance with provisions of Section 135 of the Companies Act, 2013.

During 2021-22, one meeting of the Corporate Social Responsibility Committee was held on May 27, 2021. The requisite quorum was present in the meeting. The attendance of members was as follows:

Name of Member	Position in the Committee	No. of Meeting	
		Held	Attended
Mr. Deepak Mittal*	Member	1*	1*
Mr. P.N. Venkatachalam	Member	1	1
Mr. S. Ranganathan**	Member	1**	0**
Mr. Kunnasagaran Chinniah**	Member	1	1

** Mr. Deepak Mittal ceased to be the member of the committee w.e.f. August 04, 2021.*

***Mr. S. Ranganathan inducted as the member of the committee w.e.f. August 04, 2021.*

Terms of Reference

Terms of Reference of the Committee is attached as Annexure 1.

Corporate Social Responsibility Policy

The Corporate Social Responsibility Policy ("CSR Policy") was devised in accordance with section 135 of the Companies Act 2013 as amended from time to time. The CSR policy is aimed at promoting social welfare through its comprehensive programs. The said Policy is available for reference at the Company's website at https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes. There was no CSR obligation on the Company for Financial Year 2021-2022.

(iii) Nomination and Remuneration Committee

Composition, Meetings and Attendance

As on March 31, 2022, the Nomination and Remuneration Committee comprises of four directors namely Mr. Biswamohan Mahapatra (Independent Director), Mr. P.N. Venkatachalam (Independent Director), Mr. Kunnasagaran Chinniah (Independent Director) and Ms. Vidya Shah (Non-Executive Director). The Committee's composition and terms of reference are in compliance with provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015.

During 2021-22, the Nomination and Remuneration Committee met three times on June 10, 2021, January 31, 2022, and March 23, 2022. The requisite quorum was present in all the meetings. The attendance of members was as follows:

Name of Member	Position in the Committee	No. of Meeting(s)	
		Held	Attended
Mr. Biswamohan Mahapatra	Chairman	3	3
Mr. P. N. Venkatachalam	Member	3	3
Mr. Kunnasagaran Chinniah*	Member	3*	2*
Ms. Vidya Shah	Member	3	3

**Mr. Kunnasagaran Chinniah inducted w.e.f October 27, 2021*

Terms of Reference

Terms of Reference of the Committee is attached as Annexure 1.

Remuneration Policy

The details of this policy is provided in the Directors' Report.

The details of remuneration paid to all the Directors and other disclosures required to be made under Regulation 34(3) of the SEBI (LODR) Regulations, 2015 have been published under the head - Directors' Remuneration of this report and in the Board Report.

Board Membership Criteria

The Board is responsible for selection of a member on the Board. The Nomination and Remuneration Committee of the Company follows defined criteria for identifying, screening, recruiting and recommending candidates for election as a Director on the Board.

The criteria for appointment to the Board inter-alia include:

- Diversity on the Board;
- Relevant experience and track record in finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to Company's business and relevant to the role;
- Highest personal and professional ethics, integrity, values and stature;
- Devote sufficient time and energy in carrying out their duties and responsibilities;
- Avoidance of any present or potential conflict of interest; and
- Skills/ expertise/competencies as identified by the Board.

(iv) Risk Management Committee

Composition, Meeting and Attendance

As on March 31, 2022, the Risk Management Committee comprises of five directors namely Mr. Kunnasagaran Chinniah (Independent Director), Mr. P. N. Venkatachalam (Independent Director), Mr. Biswamohan Mahapatra (Independent Director), Mr. Deepak Mittal (Vice Chairman – Executive Capacity) and Mr. S Ranganathan (Managing Director). The Committee's composition is in compliance with provisions of Regulation 21 of the SEBI (LODR) Regulations, 2015.

During the Financial year 2021-22 the Risk Management Committee met four times on July 07, 2021, August 10 2021, November 22, 2022, and February 9, 2022. The attendance of members was as follows:

Name of Member	Position in the Committee	No. of Meeting(s)	
		Held	Attended
Mr. Kunnasagaran Chinniah	Chairman	4	4
Mr. Deepak Mittal	Member	4	4
Mr. Biswamohan Mahapatra	Member	4	4
Mr. P. N. Venkatachalam	Member	4	4
Mr. Venkatchalam Ramaswamy*	Member	4*	1*
Mr. S Ranganathan	Member	4	4

** Mr. Venkatchalam Ramaswamy ceased to be a member of the committee w.e.f. August 04, 2021.*

Chief Risk Officer along with Chief Financial Officer are permanent invitees to the Committee.

The Committee also meets the CRO excluding the presence of the Executive Directors and Management, in terms of the RBI Circular No. RBI/2018-19/184 dated May 16, 2019.

Terms of Reference

Terms of Reference of the Committee is attached as Annexure 1.

(v) Stakeholders Relationship Committee

Composition, Meetings and Attendance

As on March 31, 2022, the Stakeholders Relationship Committee comprises of three Directors namely Ms. Vidya Shah (Non-Executive Director), Mr. P.N. Venkatachalam (Independent Director) and Mr. S. Ranganathan (Managing Director). The Committee's composition and terms of reference are in compliance with provisions of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015.

During 2021-22, the Committee met once on May 21, 2021. The requisite quorum was present in the meeting. The attendance of members was as follows:

Name of Member	Position in the Committee	No. of Meeting(s)	
		Held	Attended
Ms. Vidya Shah	Chairperson	1	1
Mr. Deepak Mittal*	Member	1*	1*
Mr. P.N. Venkatachalam	Member	1	1
Mr. S. Ranganathan**	Member	1**	0**

**Mr. Deepak Mittal ceased to be a member of the Committee w.e.f June 10, 2021*
***Mr. S Ranganathan inducted as member of Committee w.e.f. July 26, 2021*

Terms of Reference
Terms of Reference of the Committee is attached as Annexure 1.

Redressal of Investor Grievances
The Company addresses all complaints, grievances and other correspondence expeditiously except in the case of legal impediments and non-availability of documents. The Company endeavours to implement suggestions as and when received from investors. During the year under review, 23 investor complaints were received and all of them were resolved.

Compliance Officer
Ms. Kashmira Mathew is the Company Secretary and Compliance officer of the Company. Her brief profile is as below:

Ms. Kashmira Mathew, Senior Executive Vice President at Edelweiss, was responsible for the Compliance Function across all businesses of the Group encompassing Retail and Corporate Credit, Capital Markets, Asset Management, Wealth Management, Life and General Insurance. She is a qualified Company Secretary with over 25 years' experience in the Banking & Financial Services industry spanning across Compliance, Legal and Company Secretarial functions including expertise in Regulatory & Financial Crime Compliance. Before joining Edelweiss over 7 and a half years ago, she worked for 19 years across various entities and businesses of the HSBC Group including Wholesale and Retail Capital Markets, NBFC, Insurance, Asset Management, Private Banking, Retail Banking and Wealth Management.

(vi) IT Strategy Committee

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

During 2021-22, the Committee met twice i.e. on May 21, 2021 and December 22, 2021. The requisite quorum was present in all the meetings.

Terms of Reference

Terms of Reference of the Committee is attached as Annexure 1.

(vii) Asset Liability Management Committee (ALCO)

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

During 2021-22, the Committee met four times during the year i.e on July 7, 2021, August 10, 2021, November 22, 2021, and February 8, 2022. The requisite quorum was present in all the meetings.

Terms of Reference

Terms of Reference of the Committee is attached as Annexure 1.

Independent Directors Meetings

During 2021-22, the Independent Directors met once on May 27, 2021. All the Independent Directors attended the aforesaid meeting.

The Independent Directors of the Company met without the presence of Executive Directors and other Non-Independent Directors under the Chairmanship of Mr. P. N. Venkatachalam, Independent Director, inter-alia for:

- Reviewing the performance of Non-independent Directors and the Board as a whole;
- Reviewing the performance of the Chairman of the Company;
- Assessing the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

Performance Evaluation
Please refer to Directors Report for details on Board Evaluation.

Directors' Remuneration

i) Executive Directors
The Company pays remuneration as per the Board approved Remuneration/Compensation Policy.

The remuneration paid to the Executive Directors for 2021-22 was as follows:

Name	Remuneration (Rs. in millions)
Mr. Deepak Mittal	70.82
Mr. S. Ranganathan	19.66

The service contract, notice period, retrial benefits, severance pay etc. are applicable as per the terms and conditions of appointment of the above Directors.

ii) Non-executive Directors
The Independent Directors are entitled to a sitting fee of Rs. 20,000 for attending each Board and Committee meeting.

The Company also reimburses out-of-pocket expenses incurred by the Directors for attending the meetings. The service contract, notice period, severance pay etc. are not applicable to the Non-executive Directors.

The remuneration paid to the Non-executive Directors for 2021-22 was as follows:

Name	Sitting Fees
Mr. Rashesh Shah	Not applicable
Ms. Vidya Shah	Not applicable
Mr. Venkatachalam Ramaswamy	Not applicable

Mr. P. N. Venkatachalam	4,00,000
Mr. Biswamohan Mahapatra	4,00,000
Mr. Kunnasagaran Chinniah	3,00,000
Ms. Anita George	Not applicable

No stock options were granted to any Independent Director.

The Company has in place Directors' & Officers' Liability Insurance Policy.

Directors' Shareholding

The details of equity shares of the Company held by Directors as on March 31, 2022, were as under:

Name of Director	No. of Equity Shares
Mr. Rashesh Shah	Nil
Mr. Venkatchalam Ramaswamy	Nil
Mr. Deepak Mittal	Nil
Mr. S Ranganathan	Nil
Ms. Anita Geroge	Nil
Mr. Biswamohan Mahapatra	Nil
Mr. Kunnasagaran Chinniah	Nil
Mr. P. N. Venkatachalam	Nil
Mr. Vidya Shah	Nil

General body meetings

Particulars of past three Annual General Meetings (AGMs)

Year	Location	Date & Time	Special Resolutions passed
Annual General Meeting			
2018-19	EDELWEISS HOUSE, OFF C.S.T. ROAD, KALINA, MUMBAI - 400 098	27.09.2019 12.30 pm	Nil

2019-20	EDELWEISS HOUSE, OFF C.S.T. ROAD, KALINA, MUMBAI - 400 098	15.10.2020 10:.00 AM	Issue of Non-Convertible Debentures.
2020-21	EDELWEISS HOUSE, OFF C.S.T. ROAD, KALINA, MUMBAI - 400 098	24.09.2021 03:00 P.M.	i) Issue of Non-Convertible Debentures; ii) Re-designating Mr. Deepak Mittal as Vice Chairman on the Board of the Company for remainder of his tenure; iii) Appointment of Mr. S. Ranganathan as Director and Managing Director of the Company.

During 2021-22, the Company did not pass any resolution by postal ballot.

Disclosures

a) **Material Related Party Transactions**
Members are requested to refer Directors' Report for the same.

b) **Strictures and Penalties**
No penalties, strictures was imposed on the Company by stock exchange(s) or the Securities & Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.

c) **Compliances**
Returns/ Reports were generally filed within the stipulated time with the Stock Exchanges/ other authorities.

d) **Code of Conduct for Directors and Senior Management**
The Code of Conduct (Code) is applicable to all Directors and Senior Management of the Company. The Code is comprehensive and ensures good governance and provides for ethical

standards of conduct on matters including conflict of interest, acceptance of positions of responsibility, treatment of business opportunities and the like. A copy of the code can be found on https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes.

All the Board Members and Senior Management Personnel have affirmed compliance to the Code for the year ended 31 March 2022.

A declaration, in terms of Regulation 26 of the SEBI (LODR) Regulations, 2015, signed by the MD is stated hereunder:

We hereby confirm that:

The compliance to ECL Finance Limited's Code of Conduct for the Financial Year 2021-22 was affirmed by all members of the Board and Senior Management Personnel of the Company.

Sd/-
S. Ranganathan

e) **Whistle Blower Policy/ Vigil Mechanism**
Details of the vigil mechanism are provided in the Directors' Report.

f) **Code of Conduct to Regulate, Monitor and Report Trading by Insiders**
With a view to prevent trading of securities of the Company by an Insider on the basis of Unpublished Price Sensitive Information, the Company has formulated Code for Prohibition of Insider Trading in Edelweiss Group Securities and Code for Prohibition of Insider Trading in Non-Edelweiss Group Securities.. Further, pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, the Company has put in place a Policy on dealing with Unpublished Price Sensitive Information (UPSI).A copy of the said Policy can be found on https://eclfinance.edelweissfin.com/investor-relations/?Policies%20and%20Codes.

Means of Communication
Financial Results of the Company are posted on the Company's website **https://eclfinance.edelweissfin.com/**and are submitted to the Stock Exchanges on which the Company's debentures are listed, to enable them to host on their respective websites.

All stock exchange disclosures and periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of investor grievance among others are filed electronically on NSE Electronic Application Processing System (NEAPS) & BSE Listing Centre.

The financial results are generally published in at least two widely circulated dailies.

Annual Report: In accordance with the provisions of the Companies (Management and Administration) Rules, 2014, the Company will provide Annual Report containing inter-alia, Audited standalone financial statements, Auditors' Report, Board Report including Management Discussion & Analysis Report, Corporate Governance Report including information for the Shareholders, other important information and Notice of the ensuing Annual General Meeting electronically.

Annual Report is also available on the Company's website https://eclfinance.edelweissfin.com/investor-relations/?Our%20Financials. .

General Shareholders' Information

The Company's registered office is situated in Mumbai, Maharashtra. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U65990MH2005PLC154854.

a) **Annual General Meeting**
Date: September 16, 2022
Time: 4:00 P.M. (IST)
Venue: Edelweiss House, Off C.S.T. Road, Kalina, Mumbai – 400098

b) **Listing on stock exchanges**

Shares

The shares of the Company are not listed on any stock exchange.

Debentures

The Debentures of the Company are listed on the following Stock Exchanges:

a) BSE Limited (BSE)
P.J. Tower, Dalal Street
Mumbai - 400 001; and

Scrip Code – 934951

b) National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra- Kurla Complex,
Bandra (E) Mumbai – 400 051.

The Company has paid the listing fees to BSE & NSE for Financial Year 2021-22. The Company has also paid annual custody fee for Financial Year 2021-22 to National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL).

The International Securities Identification Number (ISIN) allotted to Company's shares under the Depository System - INE804I01010.

c) **Outstanding Stock Options/ Compulsorily Convertible Debentures/ Warrants/GDRs/ADRs**
As of 31 March 2022, the Company does not have any outstanding stock options / Warrants / ADRs / GDRs. The Company has 10,39,49,680 Compulsory Convertible Debentures with face value of Rs. 100/- each outstanding as on March 31, 2022.

d) Stock Market Data - NA

e) Performance in comparison to BSE Sensex – NA

f) **Share Transfer Mechanism**
Pursuant to Regulation 7(2) of the SEBI (LODR) Regulations, 2015, Compliance Certificate jointly signed by Compliance Officer and authorized representative of Registrar and Transfer Agent certifying compliance regarding maintenance of securities transfer facilities and Certificates for timely dematerialisation of the shares as per SEBI (Depositories and Participants) Regulations, 1996; have been submitted to stock exchanges within the stipulated time.

g) Share Ownership Pattern

S. No.	Category	As on 31.03.2022	
		No. of Shares held	%age
1.	Promoters and Promoter Group	2,13,82,66,650	99.99%
2.	Directors & their Relatives	-	
3.	Foreign Institutional Investors &	-	

	OCBs		
4.	NRIs & Foreign Nationals	-	
5.	Mutual Funds & UTI	-	
6.	Banks, FIs, NBFCs & Insurance Companies	-	
7.	Bodies Corporate	1000	Negligible
8.	Public	-	
9.	Investor Education and Protection Fund	-	
Total		**2,13,82,67,650**	**100**

h) Dividend History: Nil

i) Transfer of Unpaid/ Unclaimed Interest Amount/ Shares to Investor Education and Protection Fund (IEPF) Authority

As per the provisions of Section 124 and 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, the Company has transferred an amount of ₹ 1,34,839 pertaining to unpaid/ unclaimed interest/redemption amount during the Financial Year 2021-22.

j) Plant Locations

The Company does not have any manufacturing or processing plants. The Registered Office of the Company is situated at Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla (W), Mumbai – 400070.

k) Investor Correspondence

For transmission/ transposition/ dematerialization of securities, non-receipt of interest and any other queries relating to the securities, Investors may write to relevant Registrar and Transfer Agents from the below:

KFIN Technologies Private Limited
Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad 500 032
Tel: +91 40 6716 2222

Fax: ++91 40 2300 1153
Email: compliance.corp@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna

Link Intime India Private Limited
C- 101, 1st Floor, 247 Park
LBS Marg, Vikhroli (West)
Mumbai 400083 Maharashtra, India
Tel No.: +91 22 4918 6000.
Fax No.: +91 22 4918 6060
Email: Nishigandha.Badekar@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Ms. Shanti Gopalkrishnan

Further the Company has designated a dedicated e-mail id i.e. investorgrievances@eclf.com exclusively for investors' servicing for faster registration of their queries and/ or grievances. All investors are requested to avail this facility.

l) Credit ratings

As on the date of the Report, the Company bears the below Credit ratings assigned to various instruments by various rating agencies:

Rating Agency	Category	Rating
ACUITE	Perp	ACUITE AA-/Negative
ACUITE	LT-NCD	ACUITE AA/Negative
BWR	LT Sub-Debt	BWR AA-/stable
BWR	LT-SP	BWR PP-MLD AA-/stable
BWR	Perp	BWR A+/stable
BWR	LT-NCD	BWR AA-/stable
CARE	LT-SP	CARE PP-MLD A+/Stable
CARE	LT Sub-Debt	CARE A+/stable
CARE	BLR	CARE A+/stable
CARE	CPs-ST	CARE A1+
CARE	LT-NCD	CARE A+/stable
CARE	CPs-Episodic	CARE A1+
CARE	LT-NCD	CARE A+/stable
CARE	LT-NCD	CARE A+/stable

Crisil	LT-NCD	CRISIL AA-/Negative
Crisil	BLR	CRISIL AA-/Negative
Crisil	CPs-Episodic	CRISIL A1+
Crisil	LT-SP	CRISIL PP-MLD AA-r/Negative
Crisil	LT Sub-Debt	CRISIL AA-/Negative
Crisil	CPs-ST	CRISIL A1+
Crisil	LT-NCD	CRISIL AA-/Negative
Crisil	LT-SP	CRISIL PP-MLD AA-r/Negative
Crisil	LT-NCD	CRISIL AA-/Negative
Crisil	LT-NCD	CRISIL AA-/Negative
Crisil	LT-NCD	CRISIL AA-/Negative
ICRA	BLR	[ICRA] A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable
ICRA	LT Sub-Debt	[ICRA] A+/Stable
ICRA	LT Sub-Debt	[ICRA] A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable
ICRA	LT-SP	PP-MLD [ICRA]A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable
ICRA	LT Sub-Debt	[ICRA] A+/Stable
ICRA	LT-Sub Debt SP	PP-MLD [ICRA]A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable
ICRA	LT-NCD	[ICRA] A+/Stable

Compliance Certificate from the Auditors

The Company has obtained a certificate from the Secretarial Auditors of the Company, M/s Manish Ghia & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and paragraphs C, D and E of Schedule V of the SEBI (LODR) Regulations, 2015. A copy of the same is annexed along with this report as Annexure 2.

Adoption of Mandatory and Non-mandatory Requirements

Apart from complying with all the mandatory requirements, the Company has also adopted all Discretionary requirements specified under part E of Schedule II of SEBI (LODR) Regulations, 2015:

Certificate from Managing Director and Chief Financial Officer

In terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015, Compliance Certificate issued by Managing Director and Chief Financial Officer is annexed to this Report as Annexure 3.

Investors

The website of the Company https://eclfinance.edelweissfin.comcarries information on Financial Results, Corporate Announcements, Presentations and Credit Rating, in addition to other relevant information for investors.

For and on behalf of the Board of Directors of ECL Finance Limited

S Ranganathan	**Deepak Mittal**
Managing Director	**Vice Chairman**
DIN: 00125493	**DIN:** 00010337

Date: July 28, 2022
Place: Mumbai

Corporate Governance Report - ANNEXURE 1

I. Audit Committee:

Composition

Mr. P. N. Venkatachalam (Chairman)
Mr. Biswamohan Mahapatra
Ms. Anita George
Mr. Kunnasagaran Chinniah

Terms of reference:

1. oversight of financial reporting process and disclosure of financial information of the Company to ensure that the financial statement is correct, sufficient and creditable;
2. recommendation for the appointment, removal, remuneration and terms of appointment of Statutory Auditors and Internal Auditors of the Company;
3. approval of payment to Statutory Auditors for any other services rendered by them;
4. reviewing with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval with particular reference to:
    a. Matters required to be included in the director's responsibility statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. compliance with listing and other legal requirements relating to financial statements;
    f. disclosure of any related party transactions;
    g. modified opinion (s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. review and monitor the auditor's independence and performance, and effectiveness of audit process;
7. reviewing, with management, performance of Statutory and Internal Auditors & adequacy of the internal control systems;
8. Review the Management discussion and analysis of financial condition and results of operations;
9. Consider and take on record the periodic statement/report of Related Party Transactions;
10. grant omnibus approval for Related Party Transactions including any subsequent modifications from time to time;

11. approval or any subsequent modification of transactions of the company with related parties
12. scrutiny of inter-corporate loans and investments;
13. valuation of undertakings or assets of the company, wherever it is necessary;
14. Review Management letters / letters of internal control weaknesses issued by the Statutory Auditors as well as Internal Audit reports relating to internal control weaknesses
15. evaluation of internal financial controls and risk management systems;
16. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, private placement etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue including Quarterly statement of deviation(s) submitted to stock exchange(s) and annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) and making appropriate recommendations to the board to take up steps in this matter ;
17. Reviewing the adequacy of Internal Audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
18. discussion with Internal Auditors of any significant findings and follow up there on;
19. reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
20. discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
21. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
22. reviewing the functioning of the whistle blower/vigil mechanism;
23. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
24. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the Subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
25. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders
26. To monitor fraud;
27. Oversee implementation of regulatory policies including Anti Money Laundering and KYC (Know your Customer) Policies;
28. Ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the NBFCs;
29. carrying out any other function as is mentioned in the terms of reference of the Audit Committee

30. Investigate into any matter in relation to the items specified in the relevant section of The Companies Act, 2013 or referred to it by the Board and for this purpose the Committee shall have full access to information contained in the records of the company and external professional advice, if necessary;
31. review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee;
32. any other terms of reference as may be specified by the Board from time to time."

II. <u>Nomination and Remuneration Committee</u>

Composition

Mr. Biswamohan Mahapatra (Chairman)
Mr. P. N. Venkatachalam
Ms. Vidya Shah
Mr. Kunnasagaran Chinniah

Terms of reference

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees
2. annually review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
3. formulation of criteria for evaluation of performance of independent directors and the Board of Directors and whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent director;
4. specify manner for effective evaluation of performance of the Board, its Committees and individual Directors and review its implementation and Compliance;
5. identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, explore their interest and availability for board / senior management service, recommend to the Board their appointment and removal as and when need arise;
6. to ensure 'fit and proper' status and credentials of proposed /existing Directors;
7. formulate the criteria for determining the qualifications, positive attributes etc. and independence of a Director;
8. To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director
9. annually review and recommend the salary, bonus, equity option plan other compensation to the Key Employees (as defined in Shareholders Agreement dated March 5, 2019 executed by and amongst the Company, its Members and CDPQ Private

Equity Asia Pte. Ltd.), as well as the quantitative & qualitative objectives for the relevant Financial Year and the Key Performance Indicators (KPI) structure associated with the award of any incentives;

10. make recommendations to the Board regarding:
    a. policy relating to the remuneration for the Directors, Key Employees and other employees
    b. plans for succession for both executive and non-executive Directors, as well as Key Employees
11. review the performance of Key Employees in case of significant underperformance by the Company w.r.t. expected profitability, net worth, quality of assets, etc. and review the reasons for such under performance and evaluate the performance of Key Employees. The Committee shall recommend to the Board to take appropriate steps including revision of the remuneration / compensation of the relevant Key Employee or any other action as it may deem fit.
12. The Committee shall report to the Board on its proceedings after each meeting on all matters within its responsibilities.
13. The Committee is authorized by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference
14. recommend to the board, all remuneration, in whatever form, payable to senior management.
15. to review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee; and
16. such other functions as may be prescribed from time to time."

III. Corporate Social Responsibility Committee

Composition

Mr. P. N. Venkatachalam
Mr. S. Ranganathan
Mr. Kunnasagaran Chinniah

Terms of reference

1. formulate and recommend to the Board, an annual action plan in pursuance of its CSR Policy, which shall include the following, namely:-

    i. the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
    ii. the manner of execution of such projects or programmes;
    iii. the modalities of utilisation of funds and implementation schedules for the projects or programmes;
    iv. monitoring and reporting mechanism for the projects or programmes; and
    v. details of need and impact assessment, if any, for the projects undertaken by the Company.

2. recommend to the Board, alteration of such plan at any time during the financial year, based on the reasonable justification to that effect;

3. recommend the amount of expenditure to be incurred on the CSR activities;

4. monitor the CSR Policy of the Company from time to time; and

5. review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee.

IV. <u>Stakeholders Relationship Committee</u>

Composition

Mr. P. N. Venkatachalam
Ms. Vidya Shah - Chairperson wef Oct 27, 2021
Mr. S Ranganathan

Terms of reference

1. Consider and resolving the grievances of the security holders and customers, including complaints related to transfer/transmission of securities including review of cases for refusal of transfer/transmission of securities, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
5. Redressing of shareholders and investor complaints, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates, non-receipt of balance sheet, etc.;
6. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by the Company, including review of cases for refusal of transfer/transmission of securities;
7. Reference to statutory and regulatory authorities regarding investor grievances and customer complaints;
8. Ensure proper and timely attendance and redressal of investor queries and grievances and customer complaints;
9. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers; and

10. to review and approve such activities as may be stipulated under various statutes /laws/regulations including amendments thereof from time to time, to be performed by the Committee."

V. Asset Liability Committee Meeting

Composition

Mr. S. Ranganathan - Chairperson
Mr. Deepak Mittal
Ms. Shilpa Gattani
Mr.-Phanindranath Kakarla
Ms. Anita George

Terms of reference

1. Review of macro-economic scenario, impact of industry and regulatory changes monitoring the asset liability gap.
2. Strategizing action to mitigate liquidity and other risks associated with the asset liability gap. Review and suggest corrective actions on liquidity mismatch, negative gaps and interest rate sensitivities. Formulate a contingency funding plan (CFP) for responding to severe disruptions and develop alternate strategies as deemed appropriate, which take into account changes in:
    a. Interest rate levels and trends
    b. Loan products and related markets
    c. Monetary and fiscal policy
3. Articulating and monitoring liquidity risk tolerance that is appropriate for its business strategy and its role in the financial system, and verifying adherence to various risk parameters and prudential limits.
4. Implementation of liquidity risk management strategy of the Company and reviewing the risk monitoring system.
5. Ensure that credit exposure to any one group does not exceed the internally set limits as well as statutory limits set by RBI.
6. Decide the strategy on the source, tenor and mix of assets & liabilities, in line with its business plans, taking into account the future direction of interest rates. Establish a funding strategy that provides effective diversification in the sources and tenor of funding. Consider product pricing for advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by peer NBFCs for similar services/products, etc. Discuss and report on the impact of major funding shifts and changes in overall investment and lending strategies.
7. Endeavour to develop a process to quantify liquidity costs, benefits & risk in the internal product pricing.
8. Review behavioural assumptions and validate models for study of assets & liabilities in preparation of Liquidity and Interest Rate Sensitivity Statements and ALM analysis.
9. Review stress test scenarios including the assumptions and results.
10. Review and approve the capital allocation methodology.

11. Analyse and deliberate at meetings, issues involving interest rate and liquidity risk, including capital allocation, liquidity cost, off balance sheet exposures, contingent liabilities, management of collateral position and intra-group transfers.
12. Review the results of and progress in implementation of the decisions made in the previous meetings. Report the minutes of its meeting to the Board of Directors on quarterly basis.
13. Formulate ALM policy for the Company;
14. In respect of liquidity risk oversight would include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of the Company;
15. Should ensure that an independent party regularly reviews and evaluates the various components of the Company liquidity risk management process."

VI. Risk Management Committee:

Composition

Mr. Kunnasagaran Chinniah
Mr. Biswamohan Mahapatra
Mr. P. N. Venaktachalam
Mr. Deepak Mittal
Mr. S. Ranganathan

Terms of reference

1. Identifying, measuring and monitoring the various risks faced by the Company;
2. To formulate a detailed risk management policy which shall include :
    a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly, environmental, social and governance-related [ESG] related risks), information, cyber security risks or any other risk as may be determined by the Committee;
    b. Measure for risk mitigation including systems and processes for internal control of identified risks.
    c. Business continuity plan.
3. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
4. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
5. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
6. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken
7. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

2. Mitigating various risks associated with functioning of the Company through Integrated Risk Management Systems, Strategies and Mechanisms;
1. To deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process;
2. To assist in developing the Policies and verifying the Models that are used for risk measurement to have oversight over implementation of risk and related policies;
3. Promoting an enterprise risk management competence throughout the organisation, including facilitating development of IT-related enterprise risk management expertise;
4. Establishing a common risk management language that includes measures around likelihood and impact and risk categories;
5. To evaluate the effectiveness in the made in placing a progressive risk management system and strategy followed by the Company;
6. to evaluate the overall risks faced by the Company including liquidity risk and report to the Board; and
7. Evaluating the risks and materiality of all existing and prospective outsourcing activities."

VII. IT Strategy Committee

Composition

Mr. Biswamohan Mahapatra - Chairperson
Mr. Deepak Mittal
Mr. S. Ranganathan
Mr. Phanindranath Kakarla
Mr. Smit Shah
Mr. Srijit Ramakrishnan (CIO&CTO)

Terms of reference

1. Approving IT strategy and policy documents, within the framework approved by the Board, and ensuring that the management has put an effective strategic planning process in place.
2. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
4. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
5. Ensuring proper balance of IT investments for sustaining EHFL's growth and becoming aware about exposure towards IT risks and controls.
6. The Role of IT Strategy committee in respect of outsourced operations
   a. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner

b. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
c. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements;
d. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
e. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
f. Periodically reviewing the effectiveness of policies and procedures;
g. Communicating significant risks in outsourcing to the Board on a periodic basis.
h. Ensuring an independent review and audit in accordance with approved policies and procedures;
i. Ensuring that contingency plans have been developed and tested adequately;
j. Ensuring business continuity preparedness is not adversely compromised because outsourcing.

7. Review the functioning of IT Steering Committee
8. The committee should appraise/report to the Board periodically and also report on particular matters to Audit Committee or Risk Committee, as required.

manish ghia & associates
COMPANY SECRETARIES

Manish Ghia & Associates
: +91 22 2681 5400
: info@mgconsulting.in
: www.mgconsulting.in

Secretarial Compliance Report

of *ECL Finance Limited* for the year ended 31st March 2022

[pursuant to Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019]

To,
The Members,
ECL Finance Limited
Mumbai

We **Manish Ghia & Associates, Company Secretaries** have examined:

(a) all the documents and records made available to us and explanation provided by **ECL Finance Limited** having Corporate Identification Number U65990MH2005PLC154854 and whose debentures are listed at BSE Limited and National Stock Exchange of India Limited ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31st March 2022 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include: -

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) (applicable in respect of Non-convertible debentures of the company listed at stock exchanges);

Regd. Office : 4, Chandan Niwas (Old), M.V. Road, Off Andheri Kurla Road, Opp. Vishal Hall, Andheri (E), Mumbai-400069, Maharashta, India.

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 *(Not applicable to the company during the review period)*;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 *(Not applicable to the company during the review period)*;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (applicable up to August 12, 2021); and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (applicable w.e.f. August 13, 2021) *(Not applicable to the company during the review period)*;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (applicable up to August 8, 2021); and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (applicable w.e.f. August 9, 2021);

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 (applicable up to August 8, 2021); and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (applicable w.e.f. August 9, 2021) *(Not applicable to the company during the review period)*;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/guidelines issued thereunder; and based on the above examination, We hereby report that, during the Review Period:

(a) the listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder;

(b) the listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from our examination of those records;

(c) no action has been taken against the company/its promoters/ directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/guidelines issued thereunder; and

Manish Ghia & Associates Company Secretaries

(d) this being the first report, the requirement relating to "observations in the previous reports requiring follow-up actions by the listed entity" are not applicable.

We further certify that the listed entity has complied with the requirements of paragraph 6(A) and 6(B) of the circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 issued by the Securities and Exchange Board of India, titled "Resignation of statutory auditors from listed entities and their material subsidiaries" in respect of appointments of M/s. Chetan T Shah and Co., Chartered Accountants and M/s. V.C. Shah & Co., Chartered Accountants as Statutory Auditors of the Company.

NOTE: The provisions of Regulations 16 to 27 of LODR are applicable to the company (being a "High Value Debt Listed Entity") w.e.f. September 7, 2021 on "Comply or Explain" basis; hence the company has time till March 31, 2023 to achieve full compliance with the said provisions of Listing Regulations.

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

Manish L Ghia

Manish Ghia & Associates
MUMBAI
Company Secretaries

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

Place: Mumbai
Date: May 09, 2022
UDIN: F006252D000281208

NOTE:

On account various restrictions imposed by the Government Authorities on opening of offices, travel and movement due to Covid19 pandemic during the year under review, we for the purpose of completion of our audit have relied on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

The Board of Directors
ECL Finance Limited

Pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations, we hereby certify that:

(a) We have reviewed financial statements and the cash flow statement for the financial year 2021-22, on standalone basis and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year 2021-22 which are fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and that we have taken all necessary steps to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) significant changes, if any, in internal control over financial reporting during the financial year 2021-22;
(ii) significant changes, if any, in accounting policies during the financial year 2021-22 and that the same have been disclosed in the notes to the financial statements; and
(iii) instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For ECL Finance Limited

Phanindranath Kakarla
Chief Financial Officer
Place: Mumbai
Date:

For ECL Finance Limited

S Ranganathan
Managing Director
Place: Mumbai
Date:

Chetan T. Shah & Co.
Chartered Accountants
Office No. 3, Wing-A, Ground floor,
Satyam Shopping Centre,
Ghatkopar-(East),
Mumbai – 400077

V. C. Shah & Co.
Chartered Accountants
205-206, Regent Chambers, 2nd floor
Jamnalal Bajaj Road,
208, Nariman Point
Mumbai – 400 021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ECL FINANCE LIMITED

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the Ind AS financial statements of **ECL FINANCE LIMITED** (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including summary of significant accounting policies and other explanatory information (hereinafter referred to as the "Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA"s) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Act and the Rules made 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 obtained by us is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw attention to Note No. 54.Z to the Ind AS Financial Statements, which describes increased estimation uncertainty in the preparation of the Ind AS Financial Statements, specifically as it relates to the potential impacts of COVID-19 on the fair values of recoverability of Loans from customers, Investments, Deferred Tax as of March 31, 2022 as determined by the Company. The extent to which the COVID-19 pandemic will impact the Company's current estimate of fair values is dependent on future developments, which are highly uncertain.

We hereby confirm that the above matters does not have any impact on the financial statement and accordingly our report is not modified.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report and describe the process how our audit addressed the matter.

We have determined the matter described below to be the key audit matter to be communicated in our report. We have fulfilled the responsibility described in the Auditors' responsibility for the audit of the Ind AS Financial Statements section of our report including in relation of this matter. Accordingly, our audit included the performance of procedures, design to respond to our assessment of the risk of material misstatement of the Ind AS Financial Statements. The result of our audit procedure including the procedures performed the matter to addressed below, provide the bases of our audit opinion on the accompanying financial statement.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

i)	Impairment of financial assets (expected credit losses)	
	Key Audit Matter	**How the matter was addressed in our audit**
	The Company has recorded an impairment loss allowance of Rs. 373.70 crores as at 31 March 2022 and has reversed a charge of Rs. 154.01 crores for the year ended 31 March 2022 in its statement of profit and loss. Under Ind AS 109, Financial Instruments, allowance for loan losses are determined using expected credit loss (ECL) model. The estimation of impairment loss allowance on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: Data inputs - The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Exposures at Default ("EAD"), Probabilities of Default ("PD") and Loss Given Default ("LGD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered one of the most significant judgmental aspect of the Company's modelling approach. Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them. Qualitative adjustments – Adjustments to the model-driven ECL results as overlays are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts. The underlying forecasts and assumptions used in the estimates of impairment loss allowance are subject to uncertainties which are often outside the control of the	Our key audit procedures included: • Performed walkthroughs to identify the key systems, applications and controls used in the impairment loss allowance processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the impairment loss allowance process on sample basis. • Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models and identification of Significant Increase in Credit Risk ('SICR') and staging of the assets. • Testing assumption used by the management in determining the overlay for macro-economic factors. • Tested the arithmetic accuracy of computation of ECL provisions performed by the company in spreadsheets. • Assessed the disclosures made in relation to the ECL allowance to confirm compliance with the Ind AS provisions.

	Company. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.	
i)	**IT Systems and Controls**	
	Key Audit Matter	**How the matter was addressed in our audit**
	The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volumes of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records. Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs – to understand the design and to test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and accessing the changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

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

Our opinion on the 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 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 Ind AS Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

appropriate 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, the Board of Directors 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 the Board of Directors 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Ind AS Financial Statements, including the disclosures, and whether the 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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

of most significance in the audit of the Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The financial statements of the Company for the year ended March 31, 2021, were audited by another firm of Chartered Accountants under the Companies Act, 2013, who, vide their report dated June 10, 2021, expressed an unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in **"Annexure A"**, 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, based on our audit we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

    e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) In our opinion and according to the information and explanation given to us, during the current year, the managerial remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 read with Schedule V of the Act..

    h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its Financial position in its Ind AS Financial Statements – Refer note no :44 of the Ind AS Financial Statements.

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note no :55.C of the Ind AS Financial Statements. .

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures 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), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared and paid any dividend during the year which requires any compliance with respect to section 123 of the Act.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number: 116652W

09/5/22

Chetan T. Shah & Co. MUMBAI Chartered Accountants

Chetan T. Shah
Partner
Membership No.: 101828
UDIN: 22101828AIRMJA3075
Mumbai, May 9, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number: 109818W

Viral J. Shah
Partner
Membership No.: 110120
UDIN: 22110120AIRMGT4621
Mumbai, May 9, 2022

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Annexure - A to the Independent Auditors' Report of even date on Ind AS financial statements of ECL Finance Limited

i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

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

(B) The Company has maintained proper records showing full particulars of intangibleassets.

(b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(a) Based on the information provided to us the title deed of all the immovable properties disclosed in the financial statements are held in the name of the Company.

(b) The Company has revalued some of its building properties. No other property, plant and equipment including Right of use assets have been revalued during the year. The said revaluation has been carried out by the Registered Valuer. The said valuation of the building property is not more than 10% of the net carrying value of the said asset class at the beginning of the year. The said revalued amount is properly dealt with in the books of accounts.

(c) As represented by the Management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) The Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. Quarterly return & statement filed by the Company with such banks or financial institutions are materially in agreement with the books of account of the company.

iii. (a) The Company being a registered Non-Banking Financial Institution, the provisions of Clause 3(iii)(a) & (e) of the Order are not applicable to the company.

(b) In our opinion and according to information and explanations given to us, the terms and conditions of investments, guarantee, security and loans granted during the year are not prejudicial to the interest of the Company.

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

Further, except for those instances where there are delays or defaults in repayment of principal and / or interest as at the balance sheet date, in respect of which the Company has disclosed asset classification / staging of loans in note 14.B a to the standalone financial statements in accordance with Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India, the parties are repaying the principal amounts, as stipulated, and are also regular in payment

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

of interest, as applicable.

(d) In respect of loans and advances in the nature of loans, the total amount overdue for more than ninety days as at March 31, 2022 and the details of the number of such cases, are disclosed in note 14.B a to the standalone financial statements. In such instances, in our opinion, reasonable steps have been taken by the Company for recovery of the overdue amount of principal and interest.

(e) In our opinion and 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. Accordingly, the provisions of Clause 3(iii)(f) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us there are no loans investment guarantee and security given in respect of which provision of section 185 and 186 of the Act are applicable and hence not commented upon.

v. According to information and explanations given to us, the Company has not accepted any deposits within the meaning of section 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules 2014 (as amended). Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

vii. In respect of statutory dues:

(a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

(b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

Nature of the statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount under dispute ₹ crore	Amount Paid ₹ crore
Income Tax Act, 1961	Income Tax	Commissioners of Income Tax (Appeals)	2014-15	8.06	4.00
Income Tax Act, 1961	Income Tax	Commissioners of Income Tax (Appeals)	2015-16	12.31	1.26
Income Tax Act, 1961	Income Tax	Commissioners of Income Tax (Appeals)	2016-17	17.47	-
Income Tax Act, 1961	Income Tax	Commissioners of Income Tax (Appeals)	2017-18	0.56	0.11

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Income Tax Act, 1961	Income Tax	Commissioners of Income Tax (Appeals)	2018-19	10.94	-
Income Tax Act, 1961	Income Tax	Commissioners of Income Tax (Appeals)	2019-20	70.42	-
CGST/SGST Act, 2017	Goods & Service Tax	Appellate Authority	2019-20	0.05	-

viii. According to information and explanations given to us, the Company has not surrendered or disclosed any unrecorded transaction as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. (a) The Company has taken loans and other borrowings from lenders. As per the information and explanation given and represented by the management, we report that there are no material default in case of any repayment of loans and borrowing.

(b) The Company has not been declared willful defaulter by any bank or financial institution or any other lender.

(c) Term loans were applied for the purpose for which the loans were obtained.

(d) On an overall examination of the Ind AS Financial Statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) Based on the information received and as represented by the management, the Company does not have any subsidiary, associates or joint venture. Hence, the provisions of Clause 3(ix)(e) and (f) of the Order are not applicable to the Company.

x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence, reporting under clause 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause 3(x)(b) of the Order is not applicable.

xi. (a) Accordingly to information and explanation provided to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of Clause 3(xi)(a) of the Order are not applicable to the Company.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government. Accordingly, the provisions of Clause 3(xi)(b) of the Order are not applicable to the Company.

(c) As represented by the management, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company and hence, reporting under clause (xii) of the Order is not applicable.

xiii. According to the information and explanations given to us, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. According to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not commented upon.

xvi. a) The Company is registered with the Reserve Bank of India ('RBI') as a Systematically Important Non-Deposit Taking Non-Banking Financial Company (NBFC-ND-SI) and has obtained the certificate of registration under section 45 IA of the Reserve Bank of India Act, 1934(2 of 1934). Since the registration is obtained as NBFC-ND-SI provisions of Clause 3(xvi)(b) and 3(xvi)(c) of the Order are not applicable to the company.

(b) According to the information and explanations given to us, the Company has only one Core Investment Company (CIC) in the group.

xvii. In our opinion and according to the information and explanations given to us, the Company has incurred cash losses aggregating to Rs. 374.86 Crores during the current financial year and an amount of Rs. 618.49 Crores in the immediately preceding financial year.

xviii. During the year there was Resignation of the previous Auditors M/S S. R. Batliboi & Co. LLP on account of the applicability of the guidelines issued for Appointment of Central Statutory Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs) UCBs and NBFCs (including HFCs) dated 27th April, 2021 issued by Reserve Bank of India, where the previous auditors were not eligible to carry out the audit.

We have received the No objection certificate from the previous auditors and there was no concern raised by the previous auditors.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the Ind AS 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.

xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Hence, reporting under clause 3(xx)(a) of the Order is not applicable for the year to the Company.

(b) There are no unspent amounts towards Corporate Social Responsibility (CSR) on any ongoing projects requiring a transfer to a special account in compliance with sub-section (6) of Section 135 of the said Act. Hence, reporting under clause 3(xx)(b) of the Order is not applicable for the year to the Company.

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

xxi. In our opinion and according to the information and explanations given to us, the Company is not required to prepare consolidated financial statements for the year under review. Accordingly, the provisions of Clause 3(xxi) of the Order are not applicable to the Company.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No.: 101828
UDIN: 22101828AIRMJA3075
Mumbai, May 9, 2022

Chetan T. Shah & Co. MUMBAI Chartered Accountants

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number: 109818W

Viral J. Shah
Partner
Membership No.: 110120
UDIN: 22110120AIRMGT4621
Mumbai, May 9, 2022

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

Annexure - B to the Independent Auditors' Report of even date on Ind AS financial statements of ECL Finance Limited

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

We have audited the internal financial controls over financial reporting of **ECL FINANCE LIMITED** (the "Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting 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 ICAI.

Management's Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficientconduct 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 Act.

Auditor's 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountant 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 Ind AS Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

(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 Ind AS 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 Ind AS 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.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No.: 101828
UDIN: 22101828AIRMJA3075
Mumbai, May 9, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firm Registration Number: 109818W

Viral J. Shah
Partner
Membership No.: 110120
UDIN: 22110120AIRMGT4621
Mumbai, May 9, 2022

ECL Finance Limited

Balance Sheet as at March 31, 2022

(Currency:Indian rupees in million)

		Note	As at March 31, 2022	As at March 31, 2021
I.	**Assets**			
(1)	**Financial assets**			
	(a) Cash and cash equivalents	9	**1,501.76**	17,587.16
	(b) Bank balances other than cash and cash equivalents	10	**736.58**	1,961.29
	(c) Derivative financial instruments	11	**148.48**	143.65
	(d) Securities held for trading	12	**10,184.48**	10,514.60
	(e) Receivables			
	(i) Trade receivables	13	**870.52**	2,414.96
	(f) Loans	14	**53,173.34**	81,065.41
	(g) Other investments	15	**62,293.61**	55,676.11
	(h) Other financial assets	16	**824.67**	7,716.24
			1,29,733.44	1,77,079.42
(2)	**Non-financial assets**			
	(a) Current tax assets (net)	17	**4,515.87**	3,250.62
	(b) Deferred tax assets (net)	18	**6,107.58**	5,812.95
	(c) Investment property	19	**1,162.00**	1,162.00
	(d) Property, plant and equipment	20	**931.95**	1,069.40
	(e) Intangible assets under development		**-**	3.76
	(f) Other intangible assets	20	**1.57**	49.01
	(g) Other non- financial assets	21	**1,007.48**	1,363.56
			13,726.45	12,711.30
	Total assets		**1,43,459.89**	1,89,790.72
II.	**Liabilities and equity**			
(1)	**Financial liabilities**			
	(a) Derivative financial instruments	11	**618.60**	409.01
	(b) Trade payables			
	(i) total outstanding dues of micro enterprises and small enterprises		**1.87**	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	22	**5,752.33**	711.75
	(c) Debt securities	23	**55,135.92**	70,781.61
	(d) Borrowings (other than debt securities)	24	**39,016.30**	73,772.94
	(e) Subordinated liabilities	25	**15,399.31**	15,007.22
	(f) Other financial liabilities	26	**1,715.16**	4,059.48
			1,17,639.49	1,64,742.01
(2)	**Non-financial liabilities**			
	(a) Current tax liabilities (net)	27	**-**	-
	(b) Provisions	28	**11.05**	6.54
	(c) Other non-financial liabilities	29	**214.81**	218.87
			225.86	225.41
(3)	**Equity**			
	(a) Equity share capital	30	**2,138.27**	2,138.27
	(b) Other equity	31	**23,456.27**	22,685.03
			25,594.54	24,823.30
	Total liabilities and equity		**1,43,459.89**	1,89,790.72

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

As per our report of even date attached.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firms Registration
Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No: 101828
Mumbai May 09, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firms Registration
Number: 109818W

Viral J. Shah
Partner
Membership No: 110120
Mumbai May 09, 2022

For and on behalf of the Board of Directors

Deepak Mittal
Vice chairman (Executive)
DIN : 00010337

Subramanian Ranganathan
Managing Director
DIN:00125493

Phanindranath Kakarla
Chief Financial Officer

Kashmira Mathew
Company Secretary
Membership No: ACS-11833

Mumbai May 09, 2022

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Statement of Profit and Loss for the year ended March 31, 2022

(Currency:Indian rupees in million)

		Note	For the year ended March 31, 2022	For the year ended March 31, 2021
I.	**Revenue from operations**			
	Interest income	32	12,119.50	17,703.84
	Dividend income	33	5.67	23.36
	Fee and commission income	34	704.36	550.92
	Net profit/(loss) on fair value changes	35	3,604.20	1,527.87
II.	**Other income**	36	173.96	207.89
III.	**Total Revenue**		16,607.69	20,013.88
IV.	**Expenses**			
	Finance costs	37	14,027.99	16,860.69
	Net loss on derecognition of financial instruments	38	713.30	3,724.22
	Impairment on financial instruments	39	(1,187.54)	(4,179.44)
	Employee benefits expense	40	896.45	1,012.64
	Depreciation, amortisation and impairment	20	136.46	201.15
	Other expenses	41	1,495.28	3,995.69
	Total expenses		16,081.94	21,614.95
V.	**Profit/(Loss) before tax**		525.75	(1,601.07)
VI.	Tax expenses			
	Current tax	42	-	-
	Deferred tax (credit)		(267.78)	(1,065.83)
	Short/(Excess) tax for earlier years		-	(557.59)
VII.	**Profit/(Loss) for the year**		793.53	22.35
	Other comprehensive income			
	(a) Items that will not be reclassified to profit or loss			
	Remeasurement loss on defined benefit plans (OCI)		(35.96)	23.17
	Deferred tax (charge) / benefit - OCI		9.05	(5.83)
	Total		(26.91)	17.34
	(b) Items that will be reclassified to profit or loss			
	Revaluation of buildings		(70.72)	-
	Deferred tax (charge) / benefit - OCI		17.80	-
	Total		(52.92)	-
	Other comprehensive income		(79.83)	17.34
	Total comprehensive (loss) / income		713.70	39.69
	Earnings per equity share	43		
	(Face value of ₹ 1 each):			
	Basic (INR)		0.37	0.01
	Diluted (INR)		0.29	0.01

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

As per our report of even date attached.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firms Registration Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No: 101828
Mumbai May 09, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firms Registration Number: 109818W

Viral J. Shah
Partner
Membership No: 110120
Mumbai May 09, 2022

For and on behalf of the Board of Directors

Deepak Mittal
Vice chairman (Executive)
DIN : 00010337

Subramanian Ranganathan
Managing Director
DIN:00125493

Phanindranath Kakarla
Chief Financial Officer

Kashmira Mathew
Company Secretary
Membership No: ACS-11833

Mumbai May 09, 2022

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

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

(Currency:Indian rupees in million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. Operating activities		
(Loss) / Profit before tax	**525.75**	(1,601.07)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	**136.46**	201.15
Impairment of financial assets (net)	**(1,398.00)**	(3,457.00)
Loss/(Profit) on termination of lease	**0.77**	(20.23)
Fair value of financial instruments (net)	**(2,850.62)**	(1,920.55)
Expense on employee stock option scheme (ESOP)	**7.63**	7.44
(Profit)/Loss on sale of of property, plant and equipment	**17.46**	7.59
Interest on lease liabilities	**5.80**	16.79
Operating cash flow before working capital changes:	**(3,554.75)**	(6,765.88)
Adjustment for:		
Decrease / (increase) in loans	**29,291.07**	51,680.99
(Increase) / decrease in trade receivables	**1,543.44**	(360.80)
Decrease in securities held for trading	**317.06**	3,330.83
(Increase) in other investments	**(3,753.82)**	(7,046.41)
(Increase) / decrease in other financial assets	**8,111.45**	1,601.20
(Increase) in other non financial assets	**356.08**	(76.02)
(Decrease) / Increase in trade payables	**5,034.82**	(799.11)
(Decrease) / Increase in other financial liability	**(1,506.74)**	(2,545.07)
Increase /(Decrease) in non financial liabilities and provisions	**22.03**	(121.66)
	35,860.64	38,898.07
Income taxes paid (net)	**(1,265.25)**	(1,106.09)
Net cash generated from operating activities -A	**34,595.39**	37,791.98
B. Investing activities		
Purchase of property, plant and equipment and intangible assets	**(42.26)**	(8.61)
Decrease/(Increase) in capital work-in-progress and intangibles under development	**-**	6.84
Proceeds from sale of property, plant and equipment and intangible assets	**10.09**	13.56
Net cash generated from/ (used) in investing activities -B	**(32.17)**	11.79
C. Cash flow from financing activities		
(Decrease) in debt securities (Refer note 1)	**(15,433.99)**	(14,430.92)
(Decrease) in borrowings other than debt securities (Refer note 1)	**(35,098.30)**	(19,213.02)
(Decrease) in subordinate debt (Refer note 1)	**(81.92)**	(4,627.66)
Repayment of lease obligations	**(34.41)**	(73.43)
Net cash (used) in financing activities - C	**(50,648.62)**	(38,345.03)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(16,085.40)**	(541.26)

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

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

(Currency:Indian rupees in million)

Cash and cash equivalent as at the beginning of the year	**17,587.16**	18,128.42
Cash and cash equivalent as at the end of the year	**1,501.76**	17,587.16
Operational cash flows from interest and dividends		
Interest paid	**14,562.05**	18,674.76
Interest received	**13,937.05**	22,619.15
Dividend received	**5.67**	23.36

Notes:

1. *Receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows*
2. *Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed under the Companies (Indian Accounting Standards) Rules, 2015 under the Companies Act, 2013*
3. *For disclosure relating to changes in liabilities arising from financing activities refer note 47*

As per our report of even date attached.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firms Registration
Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No: 101828
Mumbai May 09, 2022

For V. C. Shah & Co.
Chartered Accountants
ICAI Firms Registration
Number: 109818W

Viral J. Shah
Partner
Membership No: 110120
Mumbai May 09, 2022

For and on behalf of the Board of Directors

Deepak Mittal
Vice chairman (Executive)
DIN : 00010337

Subramanian Ranganatha
Managing Director
DIN:00125493

Phanindranath Kakarla
Chief Financial Officer

Kashmira Mathew
Company Secretary
Membership No: ACS-1183

Mumbai May 09, 2022

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

Chetan T. Shah & Co. MUMBAI Chartered Accountants

ECL Finance Limited

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

(Currency:Indian rupees in million)

A. Equity share capital

	Outstanding as on March 31, 2022	Outstanding as on March 31, 2021
Balance at the beginning of the year	2,138.27	2,138.27
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting year	-	-
Changes in equity share capital during the current year	-	-
Balance at the end of the year	2,138.27	2,138.27

(Equity shares of Re.1 each, fully paid-up)

1000 fully paid-up equity shares of ₹ 1 each issued to CDPQ Private Equity Asia Pte Limited.*

B. Other Equity

	Securities premium	Retained earnings	Statutory reserve	Debenture redemption reserve	Deemed capital contribution - equity	Revaluation Reserve	Total attributable to equity holders
Balance as at 1st April 2020	11,879.96	1,305.75	5,024.31	3,837.87	140.02	457.43	22,645.34
Profit for the year	-	22.35	-	-	-	-	22.35
Other comprehensive income	-	17.34	-	-	-	-	17.34
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-
Transfer from revaluation reserve	-	33.84	-	-	-	(33.84)	-
Transfer to statutory reserve	-	(4.47)	4.47	-	-	-	-
Transfer from debenture redemption reserve	-	1,101.48	-	(1,101.48)	-	-	-
Total comprehensive income	**11,879.96**	**2,476.29**	**5,028.78**	**2,736.39**	**140.02**	**423.59**	**22,685.03**
Securities premium on shares issued during the year	-	-	-	-	-	-	-
Balance as at March 31, 2021	**11,879.96**	**2,476.29**	**5,028.78**	**2,736.39**	**140.02**	**423.59**	**22,685.03**
Profit for the year	-	793.53	-	-	-	-	793.53
Other comprehensive income	-	(26.91)	-	-	-	(52.92)	(79.83)
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-
Transfer from revaluation reserve	-	33.84	-	-	-	(33.84)	-
Transfer to statutory reserve	-	(158.71)	158.71	-	-	-	-
Transfer from debenture redemption reserve	-	1,728.96	-	(1,728.96)	-	-	-
Total comprehensive income	**11,879.96**	**4,847.00**	**5,187.49**	**1,007.43**	**140.02**	**336.83**	**23,398.73**
Income tax impact on ESOPs	-	57.54	-	-	-	-	57.54
Balance as at March 31, 2022	**11,879.96**	**4,904.54**	**5,187.49**	**1,007.43**	**140.02**	**336.83**	**23,456.27**

As per our report of even date attached.
For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firms Registration Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No: 101828

For V. C. Shah & Co.
Chartered Accountants
ICAI Firms Registration Number: 109818W

Viral J. Shah
Partner
Membership No: 110120

Mumbai May 09, 2022

For and on behalf of the Board of Directors

Deepak Mittal
Vice chairman (Executive)
DIN : 00010337

Subramanian Ranganathan
Managing Director
DIN:00125493

Phanindranath Kakarla
Chief Financial Officer

Kashmira Mathew
Company Secretary
Membership No: ACS-11833

Mumbai May 09, 2022

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

1. Corporate information:

ECL Finance Limited ('the Company') a public limited company domiciled and incorporated under the provisions of the Companies Act applicable in India is subsidiary of Edelweiss Financial services Limited. The Company was incorporated on July 18, 2005 and is registered with the Reserve Bank of India ('RBI') as a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC-ND-SI).

The Company's primary business is advancing loans and financing. The Company focuses on credit business, a mix of diversified and scalable verticals like retail credit, corporate credit and distressed credit. It offers home finance, retail construction finance, loan against property, SME finance agri & rural finance and loan against securities under retail credit and structured collateralised credits to corporates, real estate finance to developers under corporate credit.

2. Basis of preparation:

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

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

3. Presentation of financial statements:

The Company presents its balance sheet in order of liquidity in compliance with the Division III of the Schedule III to the Companies Act, 2013. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in "Note 48-Maturity Analysis of assets and liabilities".

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

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

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

4. Significant accounting policies

4.1 Recognition of revenue:

4.1.1 Effective interest rate (EIR):

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost and debt instrument measured at FVTOCI The EIR is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate a shorter period to the gross carrying amount of financial instrument.

The EIR is calculated by considering any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. Hence, it recognises the effect of potentially different interest rates charged at various

Chetan T. Shah & Co. MUMBAI Chartered Accountants

N. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

stages, and other characteristics of the product life cycle including prepayments penalty interest and charges.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income.

4.1.2 Interest income:

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR to the amortised cost (net of expected credit loss) of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

4.1.3 Dividend income:

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

4.1.4 Revenue from contracts with customers:

Revenue 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 contracts 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.

The Company recognises fee income including advisory and syndication fees at a point in time in accordance with the terms and contracts entered between the Company and the counterparty.

4.2 Financial instruments:

4.2.1 Date of recognition:

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

4.2.2 Initial measurement of financial instruments:

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

4.2.3 Day 1 profit and loss:

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

4.2.4 Classification & measurement categories of financial assets and liabilities:

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in carrying value of financial assets is recognised in profit and loss account.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The changes in fair value of financial assets is recognised in Other Comprehensive Income.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL. The Company measures all financial assets classified as FVTPL at fair value at each reporting ate. The changes in fair value of financial assets is recognised in Profit and loss account.

4.3 Financial assets and liabilities:

4.3.1 Amortized cost and effective interest method

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

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

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

Chetan T. Shah & Co Chartered Accountants MUMBAI

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

4.3.2 Financial assets held for trading:

The Company classifies financial assets as held for trading when they have been purchased primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes.

4.3.3 Investment in equity instruments:

The Company subsequently measures all equity investments at fair value through profit or loss, unless the management has elected to classify irrevocably some of its strategic equity investments to be measured at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

4.3.4 Financial liabilities:

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

4.3.5 Derivative financial instruments:

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate, market risk and foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

4.3.6 Debt securities and other borrowed funds:

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

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

4.3.7 Financial assets and financial liabilities at fair value through profit or loss:

Financial assets and financial liabilities in this category are those that are held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis.

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

- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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

4.3.8 Financial guarantee:

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

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

4.3.9 Loan commitments:

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

4.3.10 Financial liabilities and equity instruments

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

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

4.4 Reclassification of financial assets and liabilities

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

4.5 Derecognition of financial Instruments:

4.5.1 Derecognition of financial asset

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

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

- The Company has transferred the rights to receive cash flows from the financial asset or

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

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

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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

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

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

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset; or

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

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

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

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

4.5.2 Derecognition of financial liabilities

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

4.6 Impairment of financial assets:

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL is a probability-weighted estimate of credit losses. A credit loss is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the original effective interest rate. Because ECL consider the amount and timing of payments, a credit loss arises even if the entity expects to be paid in full but later than when contractually due.

Simplified approach

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

General approach

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

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

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

Company categories its financial assets as follows:

Stage 1 assets:
Stage 1 assets includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 2 assets:
Stage 2 Assets includes financial instruments that have had a significant increase in credit risk since initial recognition for these assets lifetime ECL (resulting from default events possible within 12 months from reporting date) are recognised.

Stage 3 assets:
Stage 3 for Assets considered credit-impaired the Company recognises the lifetime ECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

The ongoing assessment of whether a significant increase in credit risk has occurred for working capital facilities is similar to other lending products. The interest rate used to discount the ECLs for working capital

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The expected credit losses on the loan commitment have been recognised together with the loss allowance for the financial asset.

The Company's product offering includes a working capital facility with a right to company to cancel and/or reduce the facilities with one day's notice. The Company does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the Company's expectations of the customer behaviour, its likelihood of default and the Company's future risk mitigation procedures, which could include reducing or cancelling the facilities.

4.7 Collateral valuation:

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

To the extent possible, the Company uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

4.8 Collateral repossessed:

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

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

4.9 Write-offs:

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

4.10 Forborne and modified loan:

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset, until it is collected or written off.

4.11 Determination of fair value:

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

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

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

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

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

Level 2 financial instruments:
Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 financial instruments:
Those that include one or more unobservable input that is significant to the measurement as whole.

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

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

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

4.12 Leases:

Company as a lessee:

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

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V.C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use assets:

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

Lease liabilities

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

Short term lease

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

Company as lessor:

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

4.13 Earnings per share:

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

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

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

4.14 Foreign currency transaction:

The Standalone Financial Statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

4.15 Retirement and other employee benefit:

4.15.1 Provident fund and national pension scheme:

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

4.15.2 Gratuity:

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method.

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

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

4.15.3 Compensated absences:

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge in the statement of profit and loss and corresponding liability on such non-vesting accumulated leave entitlement based on a valuation by an independent actuary. The cost of providing annual leave benefits is determined using the projected unit credit method

4.15.4 Deferred bonus:

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

4.15.5 Share-based payment arrangements:

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

the discretion of the ultimate parent Company. These are classified as equity settled share-based transaction.

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

4.16 Property, plant and equipment:

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are recognized in profit or loss during the reporting period, in which they are incurred.

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

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule II for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Nature of assets	Estimated useful lives
Building (other than Factory Building)	60 years
Plant and Equipment	15 years
Furniture and fixtures	10 years
Vehicles	8 years
Office Equipment	5 years
Computers - Servers and networks	6 years
Computers - End user devices, such as desktops, laptops, etc.	3 years

4.17 Intangible assets:

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company

Intangibles such as software are amortised over a period of 3 years based on its estimated useful life

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

4.18 Impairment of non-financial assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of cash generating unit which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the impairment is reversed subject to a maximum carrying value of the asset before impairment.

4.19 Provisions and other contingent liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

4.20 Income tax expenses:

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

4.20.1 Current tax:

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

4.20.2 Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

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

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

4.20.3 Current and deferred tax for the year:

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

4.21 Cash and cash equivalents:

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

5. Significant accounting judgements, estimates and assumptions:

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies:

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

5.1 Business model assessment:

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

5.2 Significant increase in credit risk:

As explained in note 52.D.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

Key sources of estimation uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

5.3 Fair value of financial instruments:

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

5.4 Effective Interest Rate (EIR) Method:

The Company's EIR methodology, as explained in Note 4.1, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle including prepayments and penalty interest and charges.

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

5.5 Impairment of Financial assets:

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

• PD calculation includes historical data, assumptions and expectations of future conditions.
• The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life-time expected credit loss and the qualitative assessment
• The segmentation of financial assets when their ECL is assessed on a collective basis
• Development of ECL models, including the various formulas and the choice of inputs
• Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EAD and LGD
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

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

5.6 Impairment of Non-Financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

5.7 Provisions and contingent liabilities:

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

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

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

5.8 Provisions for Income Taxes:

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

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

5.9 Leases:

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

5.10 Investment Property

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

As at the end of each accounting year, the Company reviews the carrying amounts of its investment property to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists investment property are tested for impairment so as to determine the impairment loss, if any.

6. Standards issued but not yet effective:

There are no new standard or amendment issued which are not yet effective.

7. Pursuant to Securities Subscription Agreement dated March 5, 2019 amongst the Company, Edelweiss Financial Services Limited, Edelweiss Securities Limited, Edelweiss Rural & Corporate Services Limited and Edel Finance Company Limited and CDPQ Private Equity Asia Pte Limited (as the "Investor"), a wholly owned subsidiary of Caisse de dépôt et placement du Québec (CDPQ), for an investment of US$ 250 million, amounting to approximately Rs 18,000 million into the Company, the Investor has subscribed to 1000 Equity shares of Re. 1/- each at premium of Rs. 31/- per Equity Share and 103,949,680 Compulsorily Convertible Debentures (CCDs) at Rs. 100 per CCD and accordingly paid the Company a total sum of Rs. 10,395 millions on May 7, 2019, towards first tranche.

8. A Scheme of Amalgamation for merger (Merger by Absorption) of Edelweiss Retail Finance Limited ("ERFL") with the Company ("Transferee Company") and their respective shareholders under section 230 to 232 of the Companies Act, 2013 and the Rules made there under has been filed with the Hon'ble National Company Law Tribunal ("NCLT") on March 26, 2019.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
9. Cash and cash equivalents		
Cash in hand		
Cash in hand	-	-
Balances with banks		
In current accounts	1,382.18	15,086.10
In fixed deposits with original maturity less than 3 months	118.80	2,500.00
Accrued interest on fixed deposits	0.78	1.06
	1,501.76	17,587.16

	As at March 31, 2022	As at March 31, 2021
10. Bank balances other than cash and cash equivalents		
Fixed deposit with banks	234.39	589.91
Fixed deposits with banks to the extent held as margin money or security against borrowings, guarantees, securitisation *(Refer Note 10.A Below)*	502.19	1,371.38
	736.58	1,961.29

Notes:
1) Fixed deposit balances with banks earns interest at fixed rate.

10.A Encumbrances on fixed deposits held by the Company:

	As at March 31, 2022	As at March 31, 2021
Fixed deposits pledged for:		
Bank guarantee for non-convertible debentures		
Axis Bank Limited	-	145.00
State Bank of India	-	27.50
Bank guarantee for cash credit lines/overdraft		
ICICI Bank Limited	10.00	-
Punjab & Sind Bank Limited	-	500.00
Security deposit for term loan and WCDL facilities		
Union Bank of India	5.90	5.63
Bank guarantee for securitisation		
DCB Bank Limited	159.57	-
ING Vysya Bank Limited	-	122.92
HDFC Bank Limited	270.42	313.44
ICICI Bank Limited	-	256.89
State Bank of India	56.30	-
	502.19	1,371.38

Chetan T. Shah & Co. MUMBAI Chartered Accountants

N. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
11. Derivative financial instruments		
Fair Value Assets		
Mark to market on interest rate swap & Currency derivatives	**53.61**	54.93
Premium paid on outstanding exchange traded options	**94.87**	87.29
Embedded derivatives in market-linked debentures (asset)	**-**	1.43
	148.48	143.65
Fair Value Liabilities		
Premium received on outstanding exchange traded options (including MTM)	**79.32**	133.41
Mark to Market on interest rate & currency derivatives	**51.34**	61.98
Embedded derivatives in market-linked debentures (liabilities)	**487.94**	213.62
	618.60	409.01

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

11. Derivative financial instruments

The Company enters into derivatives for risk management purposes. These include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Company has elected not to apply hedge accounting requirements.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts/Units held

	As at March 31, 2022							
Particulars	**Unit**	**Currency**	**Notional**	**Fair value asset**	**Unit**	**Currency**	**Notional**	**Fair value liability**
(i) Interest rate derivatives								
Interest rate swaps	Rupees	INR	12,650	53.61	Rupees	INR	12,000	51.34
Interest rate futures					G-Sec Units		14	0.48
Less: amounts offset								(0.48)
(Refer Note11.A & 51)								
Subtotal(i)				**53.61**				**51.34**
(ii) Equity linked derivatives								
Stock futures	No of Shares		2,475	-	No of Shares		1,250	0.01
Options purchased								
Options sold								
Less: amounts offset				-				(0.01)
(Refer Note11.A & 51)								
Subtotal(ii)				**-**				**-**
(iii) Index linked derivatives								
Index futures	Index Units		21,000	2.84				
Options purchased	Index Units		93,850	94.87				
Options sold					Index Units		93,700	79.32
Less: amounts offset				(2.84)				-
(Refer Note11.A & 51)								
Subtotal(iii)				**94.87**				**79.32**
(iv) Embedded derivatives*								
In market linked debentures					No of Debenture		43,158.00	487.94
Subtotal(iv)				**-**				**487.94**
Total derivative financial instruments			**Total**	**148.48**			**Total**	**618.60**

	As at March 31, 2021							
Particulars	**Unit**	**Currency**	**Notional**	**Fair value asset**	**Unit**	**Currency**	**Notional**	**Fair value liability**
(i) Interest rate derivatives								
Interest rate swaps	Rupees	INR	7,750	54.93	Rupees	INR	7,250	61.98
Interest rate future					G-Sec Units		35,02,000	0.36
Less: amounts offset								(0.36)
(Refer Note11.A & 51)								
Subtotal(i)				**54.93**				**61.98**
(ii) Equity linked derivatives								
Stock futures	No of Shares		3,10,450	0.48	No of Shares		13,65,554	8.95
Options purchased	No of Shares		3,30,604	11.16			-	-
Options sold					No of Shares		3,30,604	4.27
Less: amounts offset				(0.48)				(8.95)
(Refer Note11.A & 51)								
Subtotal(ii)				**11.16**				**4.27**
(iii) Index linked derivatives								
Index futures	Index Units		86,475	8.91	Index Units		1,300.0	0.38
Options purchased	Index Units		3,54,150	76.13				
Options sold					Index Units		2,61,450	129.14
Less: amounts offset				(8.91)				(0.38)
(Refer Note11.A & 51)								
Subtotal(iii)				**76.13**				**129.14**
(iv) Embedded derivatives*								
In market linked debentures	No of Debenture		1,176.00	1.43	No of Debenture		45,291.00	213.62
Subtotal(iv)				**1.43**				**213.62**
Total derivative financial instruments				**143.65**				**409.01**

Note: The notional/units held indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

*An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. refer Note 4.3.5 for further details.

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and equity index risk. The Company's risk management strategy and how it is applied to manage risk are explained in Note 52.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments

(Currency:Indian rupees in million)

11.A Offsetting

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

Financial Assets subject to offsetting, netting arrangements

As at March 31, 2022	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial Liabilities	Collaterals received	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative Assets	56.46	(2.85)	53.61	(51.34)	71.55	73.82	94.87	148.48	168.70
Margin placed with broker*	537.15	2.36	539.51	-	-	539.51	-	539.51	539.51

Financial Liabilities subject to offsetting, netting arrangements

As at March 31, 2022	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative Liabilities	539.78	(0.49)	539.29	(51.34)	-	487.95	79.32	618.61	567.26

Financial Assets subject to offsetting, netting arrangements

As at March 31, 2021	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial Liabilities	Collaterals received	Assets after consideration of netting potential	Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative Assets	64.32	(9.39)	54.93	(50.68)	(5.38)	(1.13)	88.72	143.64	87.59
Margin placed with broker*	651.94	(0.30)	651.64	-	-	651.64	-	651.64	651.64

Financial Liabilities subject to offsetting, netting arrangements

As at March 31, 2021	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential	Liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative Liabilities	71.67	(9.70)	61.97	(50.68)	(10.70)	0.59	347.03	409.01	347.62

*As on the reporting date, margin placed with broker netoff with net liability towards mark to market loss on derivatives future contracts and similarly, net mark to market gain are added to margin placed with broker. Accrodingly the same are presented in the financial statement.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

	As at March 31, 2022			As at March 31, 2021		
	Face Value	**Quantity**	**Amount**	Face Value	Quantity	Amount
12. Securities held for trading:						
At fair value through profit and loss account						
Central Government Debt Securities						
7.59% Government Stock 11.01.2026 Bonds	100	10,00,000	106.92	-	-	-
8.20% Government Stock 15.02.2022 Bonds	-	-	-	100	70,00,000	733.44
8.15% Government Stock 16.10.2022 Bonds	-	-	-	100	33,54,000	367.10
7.88% Government Stock 19.03.2030 Bonds	-	-	-	100	10,00,000	109.11
7.61% Government Stock 09.05.2030 Bonds	-	-	-	100	10,00,000	111.07
7.26% Government Stock 14.01.2029 Bonds	-	-	-	100	20,00,000	213.06
4.48% Government Stock 02.11.2023 Bonds	-	-	-	100	55,00,000	557.83
5.15% Government Stock 09.11.2025 Bonds	-	-	-	100	25,00,000	249.53
5.85% Government Stock 01.12.2030 Bonds	-	-	-	100	5,00,000	49.63
3.64% DTB 08.04.2021	-	-	-	100	4,50,00,000	4,498.95
3.64% DTB 22.04.2021	-	-	-	100	40,00,000	399.59
6.84% GS 2022	100	95,00,000	984.85	-	-	-
6.10% GS 2031	100	2,20,00,000	2,115.32	-	-	-
6.54% GS 2032	100	15,00,000	148.79	-	-	-
091DTB 28042022	100	1,50,00,000	1,496.78	-	-	-
1.82% DTB 07.04.2022	100	1,25,00,000	1,249.68	-	-	-
3.64% DTB 21.04.2022	100	3,00,00,000	2,995.51	-	-	-
6.45% Government Stock 2029	100	1,612	0.16	-	-	-
State Government Debt Securities						
8.18% Tamilnadu State Development Loan Government Stock 19.12.2028 Bonds	100	800	0.09	100	800	0.09
5.43% Bihar State Development Loan 31.03.2024 Bonds	-	-	-	100	50,00,000	499.58
6.69% Madhya Pradesh State Development Loan 17.03.2025 Bonds	-	-	-	100	25,00,000	256.96
8.62% Maharashtra State Development Loan Government Stock 06.03.2023 Bonds	-	-	-	100	5,00,000	53.73
8.56% Rajasthan Government Stock 23.01.2023 Bonds	-	-	-	100	25,00,000	268.94
8.92% Tamilnadu State Development Loan Government Stock 08.08.2022 Bonds	-	-	-	100	25,00,000	268.00
7.62 KA SDL 2027	100	5,00,000	53.76	-	-	-
8.63 MH SDL 2023	100	39,00,000	409.35	-	-	-
8.59% AP SDL 2023	100	50,00,000	523.93	-	-	-
Total Government Debt Securities (A)			**10,085.14**			8,636.61
Debt Securities						
9.75% Edelweiss Housing Finance Limited 19.07.2021 Bonds	-	-	-	1,000	2,776	3.04
8.65% Edelweiss Retail Finance Limited 22.03.2023 Bonds	1,000	3,270	3.62	1,000	3,270	3.13
9.00% Edelweiss Retail Finance Limited 22.03.2023 Bonds	1,000	9,238	8.95	1,000	9,238	8.61
9.50% Jm Financial Credit Solutions Limited 07.06.2023 Bonds	1,000	6,743	7.81	1,000	6,743	7.85
11.00% Edelweiss Finvest Private Limited 29.07.2025 Bonds	10,00,000	56	65.62	10,00,000	56	65.65
10.00% Edelweiss Housing Finance Limited 19.07.2026 Bonds	1,000	8,333	8.96	1,000	1,58,333	162.79
8.88% Edelweiss Retail Finance Limited 22.03.2028 Bonds	1,000	1,517	1.35	1,000	1,517	1.32
9.25% Edelweiss Retail Finance Limited 22.03.2028 Bonds	1,000	3,415	3.03	1,000	3,415	2.96
0.00% Edelweiss Housing Finance Limited 19.07.2021 Bonds	-	-	-	1,000	637	0.98
Total Debt Securities (B)			**99.34**			256.33
Equity Instruments						
Vedanta Limited	-	-	-	1	44,88,800	1,026.81
Max India Limited	-	-	-	10	1,53,194	9.83
Total Equity Instruments (C)			-			1,036.64
Mutual Fund						
Edelweiss Fixed Maturity Plan - Series 49 - Direct - Growth	-	-	-		40,00,000	47.08
Edelweiss Short Term Fund - Direct - Growth	-	-	-		8,39,906	20.45
Aditya Birla Sun Life Liquid Fund- Regular Growth	-	-	-		45,622	15.02
Edelweiss Nifty PSU Bond Plus SDL Index Fund	-	-	-		4,97,02,269	502.43
Total Mutual Fund (D)			-			584.98
Total (A+B+C+D)			**10,184.48**			10,514.56

Notes:

Please refer note 51 - Fair Value measurement for Valuation methodologies for securities held for trading

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
13. Trade receivables		
a) Trade receivables		
(i) Undisputed Trade receivables – considered good	**870.79**	2,412.21
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	**-**	7.25
(iii) Undisputed Trade Receivables – credit impaired	**12.62**	7.01
(iv) Disputed Trade Receivables–considered good	**-**	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	**-**	
(vi) Disputed Trade Receivables – credit impaired	**2.65**	2.65
	886.06	2,429.12
Allowance for expected credit losses		
Receivables considered good - unsecured	**(0.27)**	(7.14)
Receivables - credit impaired	**(15.27)**	(7.02)
	870.52	2,414.96

b) Reconciliation of impairment allowance on trade receivables:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Impairment allowance as per simplified approach		
Impairment allowance - opening balance	**14.16**	27.26
Add/ (less): asset originated / acquired / recovered (net)	**1.38**	(13.10)
Impairment allowance - closing balance	**15.54**	14.16

Notes:
1) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person
2) Please refere note 49 - Related party disclosure for trade or other receivables due from firms or private companies in which directors is/are partner, a director or a member.

c) Trade receivables days past due

As at March 31, 2022	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade receivables – considered good	870.79	-	-	-	-	870.79
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	12.16	0.46	-	12.62
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	2.65	-	2.65
	-	-	-	-	-	
ECL - simplified approach	(0.27)	-	(12.16)	(3.11)	-	(15.54)
Net carrying amount	**870.52**	**-**	**-**	**-**	**-**	**870.52**

As at March 31, 2021	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
i) Undisputed Trade receivables – considered good	2,412.21	-	-	-	-	2,412.21
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	7.25	-	-	-	7.25
(iii) Undisputed Trade Receivables – credit impaired	-	-	2.39	-	4.62	7.01
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	2.65	-	-	-	2.65
ECL - simplified approach	(1.07)	(6.08)	(2.39)	-	(4.62)	(14.16)
Net carrying amount	**2,411.14**	**3.82**	**-**	**-**	**-**	**2,414.96**

Unbilled amount due as of March 2022 is NIL (March 2021- NIL).

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
14. Loans (at amortised cost)		
Term Loans;		
Corporate credit	**38,021.18**	61,591.25
Retail credit	**18,889.16**	24,751.25
Total gross	**56,910.34**	86,342.50
Less: Impairment loss allowance *(Refer Note 14.B)*	**(3,737.00)**	(5,277.09)
Total net	**53,173.34**	81,065.41
Secured by tangible assets (property including land & building)	**44,294.68**	61,308.30
Secured by inventories, fixed deposits, unlisted securities, project receivables & other marketable securities	**6,712.12**	15,845.16
Unsecured	**5,903.54**	9,189.04
Total gross	**56,910.34**	86,342.50
Less: Impairment loss allowance *(Refer Note 14.B)*	**(3,737.00)**	(5,277.09)
Total net	**53,173.34**	81,065.41
Loans in India		
Public sector	-	-
Others	**56,910.34**	86,342.50
Total gross	**56,910.34**	86,342.50
Less: Impairment loss allowance *(Refer Note 14.B)*	**(3,737.00)**	(5,277.09)
Total net	**53,173.34**	81,065.41

14.A Loans given to directors

	As at March 31, 2022	As at March 31, 2021
Loans Given to Directors *(refer note 49 related party disclosure)*	-	-
	-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

14.B Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 52.D.1 and policies on ECL allowances are set out in Note

a Credit quality of assets

	As at March 31, 2022				As at March 31, 2021			
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
Performing								
High grade	20,616.46			20,616.46	41,997.25			41,997.25
Standard grade		34,677.56		34,677.56		38,103.33		38,103.33
Non-performing								
Individually impaired*			1,616.32	1,616.32			6,241.92	6,241.92
	20,616.46	**34,677.56**	**1,616.32**	**56,910.34**	**41,997.25**	**38,103.33**	**6,241.92**	**86,342.50**

*Total numbers of borrowers as on 31st March 2022 are 995.

b Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances to corporate and retail customers:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers. The transfers of financial assets represents the impact of stage transfers upon the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers.

The 'New assets originated /repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions i.e. new lending, further disbursements, repayments and interest accrual on loans.

Reconciliation / movement for the year ended March 31, 2022

Particulars	Non credit impaired				Credit impaired		Total	
	Stage I		Stage II		Stage III			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Opening balance	41,997.25	914.25	38,103.33	3,593.41	6,241.92	769.43	86,342.50	5,277.09
New Assets Purchased	-	-	-	-	-	-	-	-
Transfer of financial assets							-	-
Stage I to Stage II	(3,799.58)	(254.29)	3,799.58	254.29	-	-	-	-
Stage I to Stage III	(522.82)	(19.80)	-	-	522.82	19.80	-	-
Stage II to Stage III	-	-	(521.13)	(65.33)	521.13	65.33	-	-
Stage II to Stage I	850.12	78.01	(850.12)	(78.01)	-	-	-	-
Stage III to Stage I	50.04	4.87	-	-	(50.04)	(4.87)	-	-
Stage III to Stage II	-	-	4,937.22	363.57	(4,937.22)	(363.57)	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	(39.62)	-	(3.33)	-	203.68	-	160.73
New assets originated /repayments received (net)	(14,947.69)	(246.59)	(6,272.94)	(727.06)	2,866.82	131.76	(18,353.81)	(841.89)
Loans sold to ARC/AIF/Others	(3,010.86)	(104.47)	(4,518.38)	(420.19)	(3,202.15)	(334.27)	(10,731.39)	(858.93)
Amounts written off (net)	-	-	-	-	(346.96)	-	(346.96)	-
Closing balance	**20,616.46**	**332.36**	**34,677.56**	**2,917.35**	**1,616.32**	**487.29**	**56,910.34**	**3,737.00**

(Currency:Indian rupees in million)

Reconciliation / movement for the year Ended March 31, 2021

Particulars	Non credit impaired				Credit impaired		Total	
	Stage I		Stage II		Stage III			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Opening balance	84,955.30	1,550.02	46,233.43	5,888.40	5,128.47	694.38	1,36,317.20	8,132.80
New Assets Purchased	-	-	-	-	-	-	-	-
Transfer of financial assets:							-	-
Stage I to Stage II	(17,412.42)	(510.30)	17,412.42	510.30	-	-	-	-
Stage I to Stage III	(385.02)	(10.66)	-	-	385.02	10.66	-	-
Stage II to Stage III	-	-	(11,151.61)	(522.32)	11,151.61	522.32	-	-
Stage II to Stage I	4,203.27	766.83	(4,203.27)	(766.83)	-	-	-	-
Stage III to Stage I	1.45	0.96	-	-	(1.45)	(0.96)	-	-
Stage III to Stage II	-	-	3,643.05	641.58	(3,643.05)	(641.58)	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	(760.91)	-	225.30	-	146.35	-	(389.26)
New assets originated /repayments received (net)	(29,365.33)	(121.69)	(13,830.69)	(2,383.02)	2,987.04	1,098.35	(40,208.98)	(1,406.36)
Loans sold to ARC	-	-	-	-	(9,122.90)	(1,060.09)	(9,122.90)	(1,060.09)
Amounts written off (net)	-	-	-	-	(642.82)	-	(642.82)	-
Closing balance	**41,997.25**	**914.25**	**38,103.33**	**3,593.41**	**6,241.92**	**769.43**	**86,342.50**	**5,277.09**

Note:

For previous year

1) ECLF had initiated sale of certain financial assets before March 31, 2021 and for which definitive contracts were executed post the balance sheet date. These financial assets sold after March 31, 2021, amounted to Rs. 2,761.0 millions to AIF trusts. As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, management assessed that such loans sold by the Company after March 31, 2021 had an increased risk but were not credit impaired. As at March 31, 2021, there are no impact on the financial statements of the ECLF, as the company has not incurred any loss on sale of these financial assets.

ECLF had initiated sale of certain credit impaired financial assets before March 31, 2021 and for which definitive contracts were executed post the balance sheet date. These financial assets sold after March 31, 2021, amounted to Rs. 6,253.10 millions (net of provisions and losses) to asset reconstruction companies trusts (ARC Trust). As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgement is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, on account of subsequent sale to and recovery from ARC Trusts of such credit impaired assets, management has recorded such financial assets as recoverable and not as credit impaired financial assets. EFSL, the holding Company has, undertaken substantially all risks and rewards in respect of these financial assets aggregating to Rs. 4,703.90 millions. As at March 31, 2021, there are no impact on the financial statements of the ECLF other than expected credit loss recorded in the Profit and Loss Statement for the half year and year ended March 31, 2021 amounting to Rs. 79.50 millions.

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

15. Other investments

As at March 31, 2022	At amortised cost (1)	At fair value				At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through profit or loss (4)	Subtotal 5 = (2+3+4)		
Preference shares	918.35	-	-	-	-	-	918.35
Security receipts (refer note 3)	-	-	51,105.43	-	51,105.43	-	51,105.43
Pass through certificates	-	-	63.87	-	63.87	-	63.87
Units of AIF	-	-	10,252.18	-	10,252.18	-	10,252.18
TOTAL - gross (A)	918.35	-	61,421.48	-	61,421.48	-	62,339.83
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	918.35		61,421.48		61,421.48	-	62,339.83
Total (B)	918.35	-	61,421.48	-	61,421.48	-	62,339.83
Less: allowance for impairment (C)	46.22	-	-	-	-	-	46.22
Total net (A-C)	**872.13**	**-**	**61,421.48**	**-**	**61,421.48**	**-**	**62,293.61**

Notes:

For Current year

1) Please refer note 15.B - Investment details

2) Please refer note 51 - Fair value measurement for valuation methodology

3) **Security Receipts held as investments** - During the quarter and year ended March 31, 2022, the Company had sold certain financial assets amounting to Rs. 97.60 crores and Rs. 912.75 crores (net of provisions and losses) respectively, to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to Rs. 82.96 crores and Rs. 750.34 crores respectively from these ARC Trusts. Ind AS 109 – 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial result. EFSL, the holding Company had undertaken substantially all risks and rewards in respect of such financial assets. As a result, these financial assets were de-recognized in the Company's financial result. Based on assessment of probability of default, loss given default in respect of these financial assets (i.e. sold during the period ended March 31, 2022 and in earlier years) and in light of various factors viz. exposures to certain sectors, and assessment of credit and market risks for certain counter parties relative to such risks at initial recognition, the Company and EFSL has recorded fair value gain / (loss) of Rs. 71.29 crores and Rs. (15 60) crores for the quarter ended and Rs. 320.71 crores and Rs. 123.86 crores for the year ended March 31, 2022, included in "Net gain / (loss) on fair value change" respectively.

As at March 31, 2021	At amortised cost (1)	At fair value				At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through profit or loss (4)	Subtotal 5 = (2+3+4)		
Preference shares	843.38	-	-	-	-	-	843.38
Security receipts (refer note 3)	-	-	46,408.15	-	46,408.15	-	46,408.15
Pass through certificates			226.47		226.47		226.47
Units of AIF	-	-	8,244.33	-	8,244.33	-	8,244.33
TOTAL - gross (A)	843.38	-	54,878.95	-	54,878.95	-	55,722.33
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	843.38	-	54,878.95	-	54,878.95	-	55,722.33
Total (B)	843.38	-	54,878.95	-	54,878.95	-	55,722.33
Less: allowance for impairment (C)	46.22	-	-	-	-	-	46.22
Total Net (A-C)	**797.16**	**-**	**54,878.95**	**-**	**54,878.95**	**-**	**55,676.11**

Chetan T. Shah & Co. Mumbai Chartered Accountants

V. C. Shah & Co. Chartered Accountants

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

Notes:

For previous year

1) Please refer note - Investment details for further details

2) Please refer note - Fair value measurement for valuation methodology

3) **Security Receipts held as investments** - During earlier years and during the year ended March 31, 2021, the Company sold financial assets amounting to Rs. 54,697.60 millions (net of provisions and losses) and Rs. 9,988.70 millions (net of provisions and losses) respectively to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to Rs. 45,111.80 cmillions and Rs. 8187.60 millions respectively from these ARC Trusts. Ind AS 109 – 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013, requires substantially all risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial statements. Edelweiss Financial Services Limited (EFSL), the holding company, and Edelweiss Rural and Corporate Services Limited (ERCSL), a fellow subsidiary, had undertaken substantially all risks and rewards amounting to Rs. 32,539.30 millions and Rs. 7 246.00 millions respectively for earlier years and for the year ended March 31, 2021 in respect of such financial assets. As a result, these Security Receipts are recognised under Investments in Company's financial statements.

Based on a review performed by the Company's management and EFSL, with effect from January 1, 2021, EFSL has directly undertaken substantially all risks and rewards and consequently ERCSL is relieved of its obligations. Further, pursuant to such review, certain terms and conditions of risk and rewards agreements have been amended with effect from January 1, 2021. The Board of Directors of the Company in the meeting held on June 10, 2021 have approved such amendments to the said agreements. Further, the amendments to the said agreement shall be placed by the management of ERCSL and EFSL in their respective ensuing Board of Directors' meeting for review and approval.

4) During the year ended March 31, 2021, the Company re-assessed probability of default, loss given default in respect of these financial assets in the light various factors viz. operational challenges for exposures to certain sectors increase in credit and market risks for certain counter parties relative to such risks at initial recognition, continued impact of COVID – 19 factors. Such re-assessments resulted in recognition of loss on fair value changes for the year ended March 31, 2021. Accordingly, as substantially all risks and rewards on these financial assets are undertaken by EFSL, such loss on fair value changes of Rs. 4380.80 millions for the year ended March 31, 2021 have been recorded in the financial statements of EFSL, Holding Company. Accordingly, loss before tax of the Company for the year ended March 31, 2021 is lower by Rs. 4380.80 millions.

5) Pursuant to amendments in risk and rewards agreement (as mentioned in note 3 above between the Company, ERCSL and EFSL, with effect from January 1, 2021, fees payable on these security receipts (ARC Fees) has been agreed to be borne by EFSL, as substantially all risks and rewards are undertaken by EFSL. Accordingly, an amount of Rs. 469.10 millions towards such expenses has been recorded by EFSL. Accordingly, loss before tax of the Company for the year ended March 31, 2021 is lower by Rs. 469 10 millions.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

15.A Investments in preference shares measured at amortised cost:

i) Credit quality of assets:

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are net of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 52.D.1 and policies on ECL allowances are set out in Note 4.6

	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing								
High grade	872.13	-	-	-	797.16	-	-	-
	872.13	-	-	-	**797.16**	-	-	-

ii) Reconciliation of changes in gross carrying amount for investments in preference shares and the corresponding ECL:

Reconciliation / movement for the year ended March 31, 2022

	Non credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Gross carrying amount - opening balance	843.38	46.22	-	-	-	-	843.38	46.22
Unwinding of discount	74.98	-	-	-	-	-	74.98	-
(recognised in interest income)							-	-
Change in ECL provision	-	-	-	-	-	-	-	-
Closing balance	918.36	46.22	-	-	-	-	918.36	46.22

Reconciliation / movement for the year ended March 31, 2021

	Non credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Gross carrying amount - opening balance	774.52	46.22	-	-	-	-	774.52	46.22
New assets originated or purchased	-	-	-	-	-	-		-
Unwinding of discount	68.86	-	-	-	-	-	68.86	-
(recognised in interest income)			-	-	-	-	-	-
Change in ECL provision	-	-	-	-	-	-	-	-
Closing balance	843.38	46.22	-	-	-	-	843.38	46.22

(Currency:Indian rupees in million)

	As at March 31, 2022			As at March 31, 2021		
	Face Value	**Quantity**	**Amount**	Face Value	Quantity	Amount
15.B Other investments						
Preference shares (*fully paid up*)						
At amortised cost						
Edelweiss Rural & Corporate Services Limited (7% Non cumulative non convertible redeemable)	10	10,00,000	872.13	10	10,00,000	797.16
Total (A)			**872.13**			797.16
Security receipts						
At fair value through profit and loss						
EARC Trust SC 6	-	2,18,500	-	169	2,18,500	-
EARC Trust SC 7	-	1,04,500	-	654	1,04,500	72.92
EARC Trust SC 9	1	71,487	-	1	71,487	48.78
EARC Trust SC 223	-	23,37,500	-	363	23,37,500	-
EARC Trust SC 251	1,000	17,00,000	1,373.61	1,000	17,00,000	1,380.21
EARC Trust SC 297	1	24,887	0.12	1	24,887	0.32
EARC Trust SC 308	-	2,40,550	-	534	2,40,550	130.92
EARC Trust SC 314	-	71,400	-	1,000	71,400	92.12
EARC Trust SC 329	978	2,88,000	353.05	978	2,88,000	355.41
EARC Trust SC 331	1,000	3,96,720	484.01	1,000	3,96,720	486.95
EARC Trust SC 263	128	13,60,000	546.41	128	13,60,000	555.50
EARC Trust SC 229	1,000	2,55,000	113.63	1,000	2,55,000	113.37
EARC Trust Sc 109	708	6,33,500	288.28	708	6,33,500	537.45
EARC Trust SC 112	829	3,40,000	281.92	829	3,40,000	283.43
EARC Trust SC 361	849	2,40,000	213.41	902	2,40,000	227.95
EARC Trust SC 55	-	46,800	-	1,000	46,800	15.90
EARC Trust SC 298	1,000	32,72,500	2,865.62	1,000	32,72,500	2,866.83
EARC Trust SC 102	-	7,68,570	-	1	7,68,570	240.28
EARC Trust SC 43	-	54,000	-	1,000	54,000	17.32
EARC Trust SC 342	-	83,810	-	1,000	83,810	89.23
EARC Trust SC 326	1	529	-	1	529	-
EARC TRUST SC 391	908	8,44,050	696.08	949	8,44,050	739.20
EARC TRUST SC 386	1,000	10,03,000	-	1,000	10,03,000	917.75
EARC TRUST SC 384	835	77,77,500	6,521.15	854	77,77,500	4,901.38
EARC TRUST SC 381	1,000	4,67,500	461.36	1,000	4,67,500	461.75
EARC TRUST SC 372	611	2,54,745	42.06	629	2,54,745	160.32
EARC TRUST SC – 377	-	59,500	8.33	445	59,500	24.43
EARC TRUST SC 392	885	16,42,625	1,311.90	981	16,42,625	1,470.84
EARC TRUST SC 393	1,000	3,18,750	316.51	1,000	3,18,750	317.51
EARC TRUST SC 387	-	-	-	904	7,46,980	713.95
EARC Trust SC 394	878	54,11,185	4,082.96	938	54,11,185	4,446.06
CFMARC-01	1,000	19,96,565	1,597.92	1,000	17,11,092	1,711.09
RARE-049	1,000	15,98,000	1,625.00	1,000	18,10,500	1,437.50
ACRE-100 Trust	1,000	1,45,09,500	13,872.38	987	1,45,09,500	14,007.85
EARC TRUST SC – 406	963	6,12,000	578.35	989	6,12,000	605.48
OMKARA-PS-04/2020-21 TRUST	1,000	25,69,660	2,487.51	1,000	27,72,098	2,633.97
PARAS – FAPL - 118 TRUST	1,00,000	29,750	2,937.05	1,00,000	29,750	2,937.05
EARC TRUST SC 397_Class B	1,000	15,13,000	1,558.65	-	-	-
EARC TRUST SC 413	835	3,63,715	288.55	-	-	-
OMKARA PS04 - 2021-22 TRUST	1,000	1,11,945	112.86	-	-	-
OMKARA PS08 - 2021-22 TRUST	1,000	85,735	84.49	-	-	-
CFMARC Trust 83	1,000	29,14,735	2,652.06	-	-	-
EARC TRUST SC - 444	1,000	11,13,500	1,113.50	-	-	-
CFMARC Trust - 93	1,000	8,29,600	829.60	-	-	-
CFM ARC-Trust 66	1,000	15,91,625	1,407.10	1,000	15,91,625	1,407.13
Total (B)			**51,105.43**			46,408.15
Pass through certificates (PTC)						
At fair value through profit and loss						
SACHIEL 2020 Trust	-	-	-	1,000	1,165	1.17
URIEL 2020 Trust	-	-	-	1,000	2,25,304	225.30
UBL TRUST 10	1	3,57,72,533	35.77			
UBL TRUST 11	1	2,81,02,481	28.10			
Total (C)			**63.87**			226.47
Units of AIF						
At fair value through profit and loss						
Real Estate Credit Opportunities Fund - Class B Units	10,000	8,26,169	8,342.28	10,000	8,01,368	8,213.68
Investment -Edelweiss Real Estate Opportunities Fund	10,000	29,790	317.32	-	-	-
Investment in Edelweiss Credit Opportunities Fund	1,000	1,37,021	97.16	-	-	-
Investment - Alternative Investment FUND (AIF)	10,000	3,70,000	1,478.28	-	-	-
Edelweiss Stressed and Troubled Assets Revival Fund	10,000	25,000	17.14	10,000	25,000	30.22
Edelweiss Short Term Income Fund- Institutional Growth	-	-	-	10	40,799	0.43
Total (D)			**10,252.18**			8,244.33
Total (A+B+C+D)			**62,293.61**			55,676.11

Note: Please refer note 51 - Fair value measurement for valuation methodologies for investments

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
16. Other financial assets		
Security deposits	**17.84**	623.19
Deposits placed with/exchange/depositories	**71.25**	73.55
Accrued interest on margin	**-**	0.08
Margin placed for trading in securities *(refer note 11.A)*	**539.51**	651.64
Application Money For Investments	**0.13**	-
Other assets	**155.03**	114.00
Advances recoverable in cash or in kind or for value to be received	**8.33**	0.92
Receivables from trust	**32.58**	6,252.86
	824.67	7,716.24
17. Current tax assets (net)		
Advance income taxes (net of provision for tax ₹ 10,715.26, previous year ₹ 10,714.25 million)	**4,515.87**	3,250.62
	4,515.87	3,250.62
18. Deferred tax assets (net)		
Deferred tax assets		
Loans		
Expected credit loss	**921.64**	1,289.90
Unamortised processing fees - EIR on lending	**15.42**	28.63
Employee benefit obligations		
Provision for leave accumulation	**2.78**	1.65
Disallowances under section 43B of the Income tax act, 1961	**6.87**	(4.41)
Unused tax losses		
Unused tax losses - accumulated losses	**5,490.93**	4,318.60
Investments and other financial instruments		
Unrealised loss on Derivatives	**15.68**	26.59
Fair valuation of investments ; SIT - loss in valuation	**482.67**	1,153.04
Others	**8.51**	26.64
	6,944.50	6,840.64
Deferred tax liabilities		
Property, plant and equipment and intangibles		
Difference between book and tax depreciation	**206.51**	263.36
Reavaluation of Property Plant & Equipment		
Investments and other financial instruments		
Unrealised gain on Derivatives	**455.87**	461.02
Borrowings		
Effective interest rate on financial liabilities	**174.55**	303.31
Others	**-**	-
	836.92	1,027.69
	6,107.58	5,812.95
19. Investment property		
Investment in RE land	**1,180.27**	1,180.27
Add: Property acquired during the year	**-**	-
Add: Capitalised subsequent expenditure	**-**	-
Less: allowance for impairment	**(18.27)**	(18.27)
	1,162.00	1,162.00

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

20. Property, plant and equipment and intangible assets

Particulars	Property, plant and equipment							Other Intangible Assets		Right to Use Assets		
	Building	Leasehold improvements	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Computer Software	Total	Right to Use Assets	Total	**Total**
At cost or fair value												
As at April 1, 2020	**1,026.16**	**34.39**	**38.90**	**14.34**	**32.10**	**79.20**	**1,225.09**	**202.16**	**202.16**	**298.06**	**298.06**	**1,725.31**
Additions	-	0.23	0.09	-	0.26	5.21	5.79	2.82	2.82	-	-	8.61
Revaluation gain on building	-	-	-	-	-	-	-	-	-			-
Disposals	-	(28.06)	(6.30)	(5.48)	(6.68)	(15.43)	(61.95)	-	-	(114.24)	(114.24)	(176.19)
Reclassification from/to held for sale	-	-	-	-	-	-	-	-	-	-	-	-
as at March 31, 2021	**1,026.16**	**6.56**	**32.69**	**8.86**	**25.68**	**68.98**	**1,168.93**	**204.98**	**204.98**	**183.82**	**183.82**	**1,557.73**
Additions	33.03	-	3.58	-	1.21	1.07	38.89	3.37	3.37	7.55	7.55	49.81
Revaluation gain / (loss) on building	(70.73)	-	-	-	-	-	(70.73)	-	-	-	-	(70.73)
Disposals	-	(1.64)	(1.08)	(8.50)	(1.78)	(16.34)	(29.34)	(123.53)	(123.53)	(4.04)	(4.04)	(156.91)
Reclassification from/to held for sale												
as at March 31, 2022	**988.46**	**4.92**	**35.19**	**0.36**	**25.11**	**53.71**	**1,107.75**	**84.82**	**84.82**	**187.33**	**187.33**	**1,379.90**
Depreciatin and Impairment:												
As at April 1, 2020	**0.68**	**12.31**	**18.28**	**6.30**	**20.43**	**53.94**	**111.94**	**94.47**	**94.47**	**72.53**	**72.53**	**278.94**
Deperciation/Amortisation for the year	55.87	6.01	5.10	2.92	5.03	14.25	89.18	61.50	61.50	50.47	50.47	201.15
Disposals	-	(16.29)	(3.40)	(3.56)	(5.03)	(12.53)	(40.81)	-	-		-	(40.81)
Adjustment of revaluation gain to accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Impairment/(reversal) of impairment	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification from/to held for sale	-	-	-	-	-	-	-	-	-	-	-	-
as at March 31, 2021	**56.55**	**2.03**	**19.98**	**5.66**	**20.43**	**55.66**	**160.31**	**155.97**	**155.97**	**123.00**	**123.00**	**439.28**
Deperciation/Amortisation for the year	67.05	1.84	3.29	0.86	2.37	6.52	81.93	33.32	33.32	21.21	21.21	136.46
Disposals	-	(1.13)	(0.75)	(7.57)	(1.36)	(12.51)	(23.32)	(106.04)	(106.04)	-	-	(129.36)
Adjustment of revaluation gain to accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Impairment/(reversal) of impairment	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification from/to held for sale	-	-	-	-	-	-	-	-	-	-	-	-
as at March 31, 2022	**123.60**	**2.74**	**22.52**	**(1.05)**	**21.44**	**49.67**	**218.92**	**83.25**	**83.25**	**144.21**	**144.21**	**446.38**
Net Book Value												
As at March 31, 2021	969.61	4.53	12.71	3.20	5.25	13.32	1,008.62	49.01	49.01	60.82	60.82	1,118.45
As at March 31, 2022	**864.86**	**2.18**	**12.67**	**1.41**	**3.67**	**4.04**	**888.83**	**1.57**	**1.57**	43.12	43.12	**933.52**

Note:

Charge against secured redeemable non-convertible debentures (Refer note 23.B)

As the Company is following revaluation model for accounting of a class of fixed assets (i.e. building) accordingly, the management has approved revaluation of owned buildings classified under property, plant and equipment. Management has adopted valuations made by duly appointed independent valuer. Accordingly, the Company has recognised the revaluation loss of Rs 52.92 millions (net of tax) in other comprehensive income for the year ended March 31, 2022.

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

20 A Intangible assets under development:

For Current year

(a) Intangible assets under development: For Intangible assets under development, following ageing schedule shall be given:

Intangible assets under development aging schedule

	Amount in CWIP for a period of				
Intangible assets under development	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total***
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

(b)For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan, following Intangible assets under development completion schedule shall be given**:

	Amount in CWIP for a period of				
Intangible assets under development	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total***
Project 1	-	-	-	-	-
Project 2	-	-	-	-	-

For previous year

(a) Intangible assets under development: For Intangible assets under development, following ageing schedule shall be given:

Intangible assets under development aging schedule

	Amount in CWIP for a period of				
Intangible assets under development	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total***
Projects in progress	3.76	-	-	-	3.76
Projects temporarily suspended	-	-	-	-	-

(b)For Intangible assets under development, whose completion is overdue or has exceeded its cost compared to its original plan, following Intangible assets under development completion schedule shall be given**:

	Amount in CWIP for a period of				
Intangible assets under development	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total***
Project 1	-	-	-	-	-
Project 2	-	-	-	-	-

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
21. Other non-financial assets		
(Unsecured considered good, unless stated otherwise)		
Input tax credit	**494.60**	770.43
Contribution to gratuity fund (net)	**38.03**	62.97
Prepaid expenses	**396.61**	483.91
Vendor advances	**78.04**	33.91
Advances recoverable in cash or in kind or for value to be received	**-**	9.54
Advances to employees	**0.20**	2.80
	1,007.48	1,363.56
22. Trade Payables		
Payable to :		
(i) total outstanding dues of micro enterprises and small enterprises	**1.87**	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**5,679.43**	642.62
(includes sundry creditors, provision for expenses, customer payables and net payable for settlement to clearing house)		
Trade payables to related parties *(refer note 49 related party disclosure)*	**72.90**	69.13
	5,754.20	711.75

22.A Details of dues to micro and small enterprises

Trade Payables includes Rs. 1.87 million (March 31, 2021: Rs.Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said Act.

22.B Trade payable days past due

As at March 31, 2022	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	1.86	0.01	-	-	1.87
(ii) Others	5,640.96	24.13	76.51	10.74	5,752.34
(iii)Disputed dues-MSME	-	-	-	-	-
(iv)Disputed dues-Others	-	-	-	-	-

As at March 31, 2021	Outstanding for following periods from due date of payment#				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-
(ii) Others	512.65	101.01	94.27	3.82	711.75
(iii)Disputed dues-MSME	-	-	-	-	-
(iv)Disputed dues-Others	-	-	-	-	-

Unbilled amount due as of March 2022 is Rs. 131.67 millions (March 2021- Rs. 55.59 millions).

MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

23 **Debt securities**	**As at March 31, 2022**	As at March 31, 2021
at amortised cost *(Refer Note 23.A and 23.B)*		
Redeemable non-convertible debentures - secured		
Privately placed	**22,026.66**	32,691.46
Public issue	**19,994.90**	27,092.57
Market linked debentures	**1,019.84**	1,407.58
Compulsory Convertible Debentures - unsecured		
9% Compulsory Convertible debentures ***	**9,450.18**	9,443.98
Redeemable non-convertible debentures - unsecured		
Privately placed	**147.77**	146.02
Commercial papers - unsecured	**2,650.00**	-
Less: Unamortised discount	**(153.43)**	-
	2,496.57	-
Total	**55,135.92**	70,781.61
Debt securities in India	**55,135.92**	70,781.61
Debt securities outside India	**-**	-
Total	**55,135.92**	70,781.61

*** The conversion option in the Compulsorily convertible debentures (CCD) issued to Caisse de depot et placement du Quebec (CDPQ) has been determined as an embedded derivative based on Ind AS 109 'Financial Instruments', prescribed under section 133 of the Companies Act, 2013. The Company has performed a fair valuation of the embedded derivative based on the conversion formula agreed in the CCD agreement and has accordingly recorded a fair value gain of Rs. 1740 millions in half year ended September 30, 2020. Management has reviewed fair valuation of such embedded derivative as at March 31, 2022 and has determined that there is no further change in the fair value.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V.C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

23.A Maturity profile and rate of interest of debt securities are set out below:

As at March 31, 2022

Redeemable non-convertible debentures - secured

Month	Rate of Interest					Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	MLD*	
Apr 2022	716.24	-	-	1,648.64	-	2,364.88
Aug 2022	180.83	-	-	645.28	-	826.11
Oct 2022	-	-	750.00	-	369.20	1,119.20
Feb 2023	156.66	-	-	359.48	-	516.14
May 2023	-	-	2,000.00	-	-	2,000.00
Jun 2023	-	-	6,250.00	-	-	6,250.00
Jul 2023	-	-	-	-	22.50	22.50
Aug 2023	-	-	3,875.86	-	4.00	3,879.86
Oct 2023	-	-	750.00	-	-	750.00
Jul 2023	-	-	-	-	-	-
Jan 2024	456.64	290.00	1,213.52	1,790.88	-	3,751.04
May 2024	144.51	-	674.13	296.75	-	1,115.39
Oct 2024	-	-	750.00	-	-	750.00
Nov 2024	99.02	-	806.22	381.09	-	1,286.33
Dec 2024	-	-	-	200.00	-	200.00
Feb 2025	-	-	-	50.00	-	50.00
Mar 2025	-	-	-	100.00	-	100.00
Apr 2025	-	-	100.00	-	-	100.00
Jun 2025	-	-	-	-	-	-
Aug 2025	-	-	-	-	30.00	30.00
Sep 2025	-	-	-	-	70.00	70.00
Oct 2025	-	-	1,075.00	-	-	1,075.00
Nov 2025	-	-	-	360.00	-	360.00
Dec 2025	-	-	250.00	-	10.00	260.00
Jan 2026	-	-	-	-	8.00	8.00
Mar 2026	-	-	250.00	-	400.00	650.00
Apr 2026	-	-	-	-	-	-
May 2026	-	-	200.00	-	-	200.00
Jun 2026	-	-	225.00	-	-	225.00
Aug 2026	-	-	-	-	14.70	14.70
Mar 2027	-	-	5,000.00	-	-	5,000.00
Apr 2027	-	-	-	-	-	-
Jun 2027	-	-	-	-	-	-
Sep 2027	-	1,250.00	-	-	-	1,250.00
Aug 2028	-	-	2,254.22	1,800.00	-	4,054.22
Jan 2029	-	-	-	2,350.00	-	2,350.00
May 2029	-	-	280.46	55.72	-	336.18
Nov 2029	-	-	323.36	114.31	-	437.67
	1,753.90	**1,540.00**	**27,027.77**	**10,152.15**	**928.40**	**41,402.22**
			Add: interest accrued & effective interest rate amortisation**			1,639.18
						43,041.40

MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.

Redeemable non-convertible debentures - unsecured

Month	Rate of Interest					Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	MLD*	
Aug 2023	-	-	-	-	21.60	21.60
Apr 2026	-	-	-	-	110.00	110.00
	-	-	-	-	**131.60**	**131.60**
			Add: interest accrued & effective interest rate amortisation**			16.17
						147.77

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

As at March 31, 2021

Redeemable non-convertible debentures - secured

Month	Rate of Interest					Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	MLD*	
Apr 2021	-		-	-	15.00	15.00
May 2021	328.00	-	-	-	50.00	378.00
Jun 2021	-	-	595.07	-	-	595.07
Aug 2021	-	-	5,964.33	-	-	5,964.33
Nov 2021	144.53	-	523.81	-	-	668.34
Dec 2021	-	1,750.00	-	-	-	1,750.00
Jan 2022	-	-	-	-	20.00	20.00
Feb 2022	-	8,000.00	-	-	-	8,000.00
Mar 2022	-	-	-	-	245.90	245.90
Apr 2022	716.24	-	-	1,648.64	-	2,364.88
Aug 2022	180.83	-	-	645.28	-	826.11
Oct 2022	-	-	750.00	-	369.20	1,119.20
Feb 2023	156.66	-	-	359.48	-	516.14
May 2023	-	-	2,000.00	-	-	2,000.00
Jun 2023	-	-	6,250.00	-	-	6,250.00
Aug 2023	-	-	3,875.86	-	4.00	3,879.86
Oct 2023	-	-	750.00	-	-	750.00
Jul 2023	-	-	-	-	22.50	22.50
Jan 2024	456.64	290.00	1,213.52	1,790.88	-	3,751.04
May 2024	144.51	-	674.13	296.75	-	1,115.39
Oct 2024	-	-	750.00	-	-	750.00
Nov 2024	99.02	-	806.22	381.09	-	1,286.33
Dec 2024	-	-	-	200.00	-	200.00
Feb 2025	-	-	-	50.00	-	50.00
Mar 2025	-	-	-	100.00	-	100.00
Apr 2025	-	-	100.00	-	-	100.00
Aug 2025	-	-	-	-	30.00	30.00
Sep 2025	-	-	-	-	70.00	70.00
Oct 2025	-	-	1,075.00	-	-	1,075.00
Nov 2025	-	-	-	360.00	-	360.00
Dec 2025	-	-	250.00	-	10.00	260.00
Jan 2026	-	-	-	-	8.00	8.00
Mar 2026	-	-	250.00	-	400.00	650.00
May 2026	-	-	200.00	-	-	200.00
Jun 2026	-	-	225.00	-	-	225.00
Aug 2026	-	-	-	-	14.70	14.70
Mar 2027	-	-	5,000.00	-	-	5,000.00
Sep 2027	-	1,250.00	-	-	-	1,250.00
Aug 2028	-	-	4,054.22	-	-	4,054.22
Jan 2029	-	-	-	2,350.00	-	2,350.00
May 2029	-	-	280.46	55.72	-	336.18
Nov 2029	-	-	323.36	114.31	-	437.67
	2,226.42	**11,290.00**	**35,910.98**	**8,352.15**	**1,259.30**	**59,038.86**
Add: interest accrued & effective interest rate amortisation**						2,152.75
						61,191.61

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.

Redeemable non-convertible debentures - unsecured

Month	Rate of Interest					Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	MLD*	
Aug 2023	-	-		-	21.60	21.60
Apr 2026	-	-		-	110.00	110.00
	-	-	-	-	**131.60**	**131.60**
Add: interest accrued & effective interest rate amortisation**						14.42
						146.02

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

Commercial papers - unsecured

As at March 31, 2022

Month	Rate of Interest				Grand total
	7% - 8%	8% - 9%	9% - 10%	10% - 11%	
Dec 2022	1,000.00	-	-	-	1,000.00
Jan 2023	1,650.00	-	-	-	1,650.00
	2,650.00	-	-	-	**2,650.00**
Add: Unamortisation discount					(153.43)
					2,496.57

Note - Commercial papers were not outstanding as at March 31, 2021

As at March 31, 2021

Month	Rate of Interest				Grand total
	7% - 8%	8% - 9%	9% - 10%	10% - 11%	
	-	-	-	-	-
	-	-	-	-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

23.B Details of debt securities:

Redeemable non-convertible debentures - secured

Privately placed:

Privately placed debentures are secured by pari passu charge on receivables from financing business, securities held for trading and property (excluding intangible assets).

During the current year, the Company has raised Rs Nil (previous year 18,000 millions) worth of redeemable non-convertible debentures through private issue . As at March 31 2021 the Company has utilised the whole of the aforementioned net proceeds towards the objects of the issue as stated in the prospectus.

Public issue:

Debentures are secured by pari passu charge on receivables from financing business, securities held for trading and property (excluding intangible assets)

Market linked debentures:

Market linked debentures are secured by pari passu charge on receivables from financing business, securities held for trading and property (excluding intangible assets).

In case of market linked debentures the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level(s).

Compulsory Convertible Debentures

9.00%, Compulsory Convertible Debentures (CCD) of Re 100 each fully paid are compulsory convertible into equity shares at conversion rate to be decided based on fair value of equity shares, at any time after 24 months from the date of allotment and within 5 years from date of allotment.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
24. Borrowings other than debt securities *(at amortised cost)*		
Secured		
Term loan from bank [Secured by charge on receivables, cash & cash equivalents and other assets from financing business] (Refer Note 24.A)	**22,729.86**	44,570.65
Term loans from financial institutions [Secured by charge on receivables, cash & cash equivalents and other assets from financing business] (Refer note 24.A)	**2,700.00**	4,925.00
Other borrowings		
Cash credit lines [Secured by charge on receivables, cash & cash equivalents and other assets from financing business] (Repayable on demand, Interest rate payable in the range of 8.10% to 10%)	**1,174.23**	2,467.48
Working capital demand loan [Secured by charge on receivables, cash & cash equivalents and other assets from financing business] (Repayable on demand, Interest rate payable in the range of 8.10% to 10%)	**6,830.00**	6,900.00
Tri party REPO TREPS facilitates, borrowing and lending of funds, in Triparty repo arrangement [Secured by pledge of government securities] [Repayable on April 04,2022 (March 2021; Repayable on April 05,2021]	**4,511.54**	8,103.90
Unsecured		
Loan from related parties (refer note 49) (Repayable on demand, Interest rate payable in the range of 10.70% to 12.25%)	**1,070.67**	6,805.91
Total	**39,016.30**	73,772.94
Borrowings in India	**39,016.30**	73,772.94
Borrowings from outside India	-	-
Total	**39,016.30**	73,772.94

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

24.A Maturity profile and rate of interest of borrowings from bank and other parties are set out below:

As at March 31, 2022

Term loan from bank & term loan from other parties

Month	Rate of Interest					Grand total
	8% - 9%	9% - 10%	10% - 11%	11% - 12%	14% - 15%	
Apr 2022	-	752.82	225.00	-	-	977.82
May 2022	-	552.82	-	-	-	552.82
Jun 2022	546.80	1,786.99	375.00	-	-	2,708.79
Jul 2022	-	802.82	650.00	-	-	1,452.82
Aug 2022	-	552.82	-	-	-	552.82
Sep 2022	310.69	2,980.30	675.00	-	-	3,965.99
Oct 2022	-	698.02	225.00	-	-	923.02
Nov 2022	-	552.82	-	-	-	552.82
Dec 2022	442.40	999.16	175.00	-	-	1,616.56
Jan 2023	-	744.22	275.00	-	-	1,019.22
Feb 2023	-	552.82	-	-	-	552.82
Mar 2023	150.00	2,002.65	125.00	-	-	2,277.65
Apr 2023	-	702.82	225.00	-	-	927.82
May 2023	-	447.84	-	-	-	447.84
Jun 2023	150.00	952.13	125.00	-	-	1,227.13
Jul 2023	-	80.60	125.00	-	-	205.60
Aug 2023	-	230.60	-	-	-	230.60
Sep 2023	150.00	380.60	125.00	-	-	655.60
Oct 2023	-	536.93	75.00	-	-	611.93
Nov 2023	-	230.60	-	-	-	230.60
Dec 2023	150.00	280.60	125.00	-	-	555.60
Jan 2024	-	80.60	125.00	-	-	205.60
Feb 2024	-	230.60	-	-	-	230.60
Mar 2024	150.00	321.50	119.70	-	-	591.20
Apr 2024	-	100.00	75.00	-	-	175.00
May 2024	-	150.00	-	-	-	150.00
Jun 2024	150.00	150.00	-	-	-	300.00
Jul 2024	-	-	50.00	-	-	50.00
Aug 2024	-	149.57	-	-	-	149.57
Sep 2024	150.00	150.00	-	-	-	300.00
Oct 2024	-	98.80	-	-	-	98.80
Dec 2024	150.00	150.00	-	-	-	300.00
Jan 2025	-	-	50.00	-	-	50.00
Mar 2025	150.00	138.20	-	-	-	288.20
Apr 2025	-	100.00	-	-	-	100.00
June 2025	219.88	-	-	-	-	219.88
Sep 2028	-	-	-	-	-	-
Mar 2029	-	-	-	-	-	-
Sep 2029	-	-	-	-	-	-
	2,870	**18,640**	**3,945**	**-**	**-**	**25,454.72**
Add: interest accrued & effective interest rate amortisation**						(24.86)
						25,429.86

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

As at March 31, 2021

Term loan from bank & term loan from other parties

Month	Rate of Interest					Grand total
	8% - 9%	9% - 10%	10% - 11%	11% - 12%	14% - 15%	
Apr 2021	-	765.32	225.00	90.90	-	1,081.22
May 2021	-	427.82	-	-	-	427.82
Jun 2021	721.90	2,338.98	150.00	-	25.00	3,235.88
Jul 2021	-	802.82	725.00	91.00	-	1,618.82
Aug 2021	-	427.82	-	-	-	427.82
Sep 2021	527.74	4,493.34	550.00	-	25.00	5,596.08
Oct 2021	-	752.82	275.00	-	-	1,027.82
Nov 2021	-	577.82	-	-	-	577.82
Dec 2021	671.90	3,033.94	400.00	-	25.00	4,130.84
Jan 2022	-	802.82	650.00	-	-	1,452.82
Feb 2022	-	577.82	-	-	-	577.82
Mar 2022	287.37	3,484.63	700.00	-	25.00	4,497.00
Apr 2022	-	752.82	275.00	-	-	1,027.82
May 2022	-	552.82	-	-	-	552.82
Jun 2022	390.00	1,610.49	375.00	-	-	2,375.49
Jul 2022	-	802.82	650.00	-	-	1,452.82
Aug 2022	-	552.82	-	-	-	552.82
Sep 2022	160.69	2,784.25	675.00	-	-	3,619.94
Oct 2022	-	702.82	225.00	-	-	927.82
Nov 2022	-	552.82	-	-	-	552.82
Dec 2022	300.00	817.26	175.00	-	-	1,292.26
Jan 2023	-	752.82	275.00	-	-	1,027.82
Feb 2023	-	552.82	-	-	-	552.82
Mar 2023	-	2,168.19	125.00	-	-	2,293.19
Apr 2023	-	702.82	225.00	-	-	927.82
May 2023	-	452.82	-	-	-	452.82
Jun 2023	-	772.23	125.00	-	-	897.23
Jul 2023	-	80.60	125.00	-	-	205.60
Aug 2023	-	230.60	-	-	-	230.60
Sep 2023	-	530.60	125.00	-	-	655.60
Oct 2023	-	536.93	75.00	-	-	611.93
Nov 2023	-	230.60	-	-	-	230.60
Dec 2023	-	280.60	125.00	-	-	405.60
Jan 2024	-	80.60	125.00	-	-	205.60
Feb 2024	-	230.60	-	-	-	230.60
Mar 2024	-	479.00	125.00	-	-	604.00
Apr 2024	-	100.00	75.00	-	-	175.00
May 2024	-	150.00	-	-	-	150.00
Jun 2024	-	150.00	-	-	-	150.00
Jul 2024	-	-	50.00	-	-	50.00
Aug 2024	-	149.57	-	-	-	149.57
Sep 2024	-	300.00	-	-	-	300.00
Oct 2024	-	100.00	-	-	-	100.00
Dec 2024	-	150.00	-	-	-	150.00
Jan 2025	-	-	50.00	-	-	50.00
Mar 2025	-	300.00	-	-	-	300.00
Apr 2025	-	100.00	-	-	-	100.00
Sep 2025	-	150.00	-	-	-	150.00
Mar 2026	-	150.00	-	-	-	150.00
Sep 2026	-	150.00	-	-	-	150.00
Mar 2027	-	150.00	-	-	-	150.00
Sep 2027	-	150.00	-	-	-	150.00
Mar 2028	-	150.00	-	-	-	150.00
Sep 2028	-	150.00	-	-	-	150.00
Mar 2029	-	150.00	-	-	-	150.00
Sep 2029	-	219.85	-	-	-	219.85
	3,059.60	**38,616.15**	**7,675.00**	**181.90**	**100.00**	**49,632.65**
Add: interest accrued & effective interest rate amortisation**						(137.00)
						49,495.65

*** Interest accrued but not due is payable on next interest payment date for respective term loan*

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
25. Subordinated liabilities (unsecured) *(at amortised cost)* *(Refer Note 25.A)*		
Subordinated debt		
Privately placed non-convertible redeemable	7,648.26	7,634.71
Public issue of non-convertible redeemable	-	-
Market linked debentures	4,479.35	4,100.39
Perpetual debt	3,271.70	3,272.12
Total	15,399.31	15,007.22
Subordinated liabilities in India	15,399.31	15,007.22
Subordinated liabilities outside India	-	-
Total	15,399.31	15,007.22

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

As at March 31, 2022

Subordinated debt (unsecured)

Month	Rate of Interest				Grand total
	9% - 10%	10% - 11%	11% - 12%	MLD*	
Jun 2022	-	-	500.00	-	500.00
Jun 2023	-	-	-	1,253.30	1,253.30
Jul 2023	-	-	-	253.00	253.00
Aug 2023	-	-	-	1,179.50	1,179.50
May 2025	-	-	2,998.00	-	2,998.00
Jun 2025	-	-	-	50.00	50.00
Sep 2025	-	200.00	-	-	200.00
Jun 2026	-	2,500.00	-	-	2,500.00
Apr 2027	-	-	-	450.00	450.00
Jun 2027	-	-	-	100.00	100.00
Sep 2027	200.00	-	-	-	200.00
Oct 2027	1,000.00	-	-	-	1,000.00
	1,200.00	2,700.00	3,498.00	3,285.80	10,683.80
				Add: interest accrued & effective interest rate amortisation**	1,443.81
					12,127.61

**MLD represents market linked debentures*
*** Interest accrued but not due is payable on next interest payment date for respective ISINs.*

Perpetual debt

Month	Rate of Interest			Grand total
	9% - 10%	10% - 11%	11% - 12%	
May 2027	-	3,000.00	-	3,000.00
	-	3,000.00	-	3,000.00
		Add: interest accrued & effective interest rate amortisation**		271.70
				3,271.70

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

As at March 31, 2021

Subordinated debt (unsecured)

Month	Rate of Interest				Grand total
	9% - 10%	10% - 11%	11% - 12%	MLD*	
Jun 2022	-	-	500.00	-	500.00
Jun 2023	-	-	-	1,253.30	1,253.30
Jul 2023	-	-	-	253.00	253.00
Aug 2023	-	-	-	1,179.50	1,179.50
May 2025	-	-	2,998.00	-	2,998.00
Jun 2025	-	-	-	50.00	50.00
Sep 2025	-	200.00	-	-	200.00
Jun 2026	-	2,500.00	-	-	2,500.00
Apr 2027	-	-	-	450.00	450.00
Jun 2027	-	-	-	100.00	100.00
Sep 2027	200.00	-	-	-	200.00
Oct 2027	1,000.00	-	-	-	1,000.00
	1,200.00	**2,700.00**	**3,498.00**	**3,285.80**	**10,683.80**
Add: interest accrued & effective interest rate amortisation**					1,051.30
					11,735.10

Perpetual debt

Month	Rate of Interest			Grand Total
	9% - 10%	10% - 11%	11% - 12%	
May 2027	-	3,000.00	-	3,000.00
	-	**3,000.00**	-	**3,000.00**
Add: interest accrued & effective interest rate amortisation**				272.12
				3,272.12

**MLD represents market linked debentures*

*** Interest accrued but not due is payable on next interest payment date for respective ISINs.*

25.B Details of subordinated liabilities:

Market Linked Debentures:

In case of market linked debentures the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level.

Perpetual debt:

Step up of 1% in coupon once during the life of the instrument after 10 years from the date of allotment. if call option is not exercised.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

	As at March 31, 2022	As at March 31, 2021
26. Other financial liabilities		
Payable on behalf of employees	**1.06**	33.48
Payable on account of securitisation	**1,496.11**	3,931.17
Accrued salaries and benefits	**141.00**	18.84
Rental Deposits	**25.33**	-
Lease liabilities (refer note 41.C)	**51.66**	75.99
	1,715.16	4,059.48
27. Current tax liabilities (net)		
Provision for taxation (net of advance Tax ₹ Nil, previous year ₹ Nil)	-	-
	-	-
28. Provisions		
Provision for employee benefits		
Gratuity *(Refer Note 40.A)*	-	-
Compensated leave absences	**11.05**	6.54
	11.05	6.54
29. Other non-financial liabilities		
Statutory liabilities*	**172.48**	184.60
Others	**42.33**	34.27
	214.81	218.87

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

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

	As at March 31, 2022		As at March 31, 2021	
	No of shares	**Amount**	No of shares	Amount
30. Equity share capital				
Authorised :				
Equity shares of Re.1 each	**6,70,00,00,000**	**6,700.00**	6,70,00,00,000	6,700.00
Preference shares of Rs 10 each	**40,00,000**	**40.00**	40,00,000	40.00
	6,70,40,00,000	**6,740.00**	6,70,40,00,000	6,740.00
Issued, subscribed and paid up:				
Equity shares of Re.1 each	**2,13,82,67,650**	**2,138.27**	2,13,82,67,650	2,138.27
	2,13,82,67,650	**2,138.27**	2,13,82,67,650	2,138.27

A. **Reconciliation of number of shares**

	As at March 31, 2022		As at March 31, 2021	
	No of shares	**Amount**	No of shares	Amount
Outstanding at the beginning of the year	**2,13,82,67,650**	**2,138.27**	2,13,82,67,650	2,138.27
Outstanding at the end of the year	**2,13,82,67,650**	**2,138.27**	2,13,82,67,650	2,138.27

B. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

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

	As at March 31, 2022		As at March 31, 2021	
	No of shares	**% holding**	No of shares	% holding
Holding company#				
Edelweiss Financial Services Limited	**2,13,82,66,650**	**99.99%**	2,13,82,66,650	99.99%
Others				
CDPQ Private Equity Asia Pte Limited.	**1,000**	**0.00%**	1,000	0.00%
	2,13,82,67,650	**100.00%**	2,13,82,67,650	100.00%

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

	As at March 31, 2022		As at March 31, 2021	
	No of shares	**% holding**	No of shares	% holding
Holding company#				
Edelweiss Financial Services Limited	**2,13,82,66,650**	**99.99%**	2,13,82,66,650	99.99%
	2,13,82,66,650	**99.99%**	2,13,82,66,650	99.99%

E. **Details of shares held by promoters in the Company**

	As at March 31, 2022		As at March 31, 2021	
	No of shares	**% holding**	No of shares	% holding
Holding company#				
Edelweiss Financial Services Limited	**2,13,82,66,650**	**99.99%**	2,13,82,66,650	99.99%
	2,13,82,66,650	**99.99%**	2,13,82,66,650	99.99%

including 6 shares held by nominees of Edelweiss Financial Services Limited

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

G. **Company has not issued any shares for consideration other than cash**

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

31. Other equity

	As at March 31, 2022	As at March 31, 2021
Securities premium reserve	**11,879.96**	11,879.96
Statutory reserve	**5,187.49**	5,028.78
Debenture redemption reserve	**1,007.43**	2,736.39
Retained earnings	**4,904.54**	2,476.29
Deemed capital contribution - equity	**140.02**	140.02
Revaluation Reserve	**336.83**	423.59
	23,456.27	22,685.03

A. Nature and purpose of reserves

a. Securities premium reserve

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

b. Statutory reserve

Reserve created under 45-IC(1) in The Reserve Bank of India Act, 1934 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

c. Debenture redemption reserve

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

d. Retained earnings

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

e. Deemed capital contribution - equity

Deemed capital contribution relates to share options granted to eligible employees of the Company by the parent company under its employee share option plan.

f. Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment done

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

B. Movement in Other equity

	As at March 31, 2022	As at March 31, 2021
I. Securities premium reserve		
Opening balance	**11,879.96**	11,879.96
Add : Premium Received on issue of securities	**-**	-
	11,879.96	11,879.96
II. Statutory reserve		
Opening balance	**5,028.78**	5,024.31
Add : Reserve created for the year	**158.71**	4.47
	5,187.49	5,028.78
III. Debenture redemption reserve		
Opening balance	**2,736.39**	3,837.87
Add : Reserve created for the year	**-**	-
Less: transferred to retained earnings	**(1,728.96)**	(1,101.48)
	1,007.43	2,736.39
IV. Retained earnings		
Opening balance	**2,476.29**	1,305.75
Add: Profit/(Loss) for the year	**793.53**	22.35
Add: Other comprehensive income	**(26.91)**	17.34
Add: transferred from debenture redemption reserve	**1,728.96**	1,101.48
Less: Reversal of ESOP liabilities to reserve	**57.54**	-
Less: Impact of Lease accounting	**-**	-
Add: Balance released revaluation reserve	**33.84**	33.84
Amount available for appropriation	**5,063.25**	2,480.76
Appropriations:		
Transfer to statutory reserve	**(158.71)**	(4.47)
	4,904.54	2,476.29
V. Deemed capital contribution - equity		
Opening balance	**140.02**	140.02
Add : ESOP charge for the year	**-**	-
	140.02	140.02
VI. Revaluation Reserve		
Opening Balance	**423.59**	457.43
Less : Reserve reversed during the year	**(52.92)**	-
Less : Transferred to retained earnings	**(33.84)**	(33.84)
	336.83	423.59
	23,456.27	22,685.03

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)	**For the year ended March 31, 2022**	For the year ended March 31, 2021
32. Interest Income		
On financial assets measured at amortised cost		
Interest on loans		
Loans	**10,892.49**	16,484.84
Interest income from investments		
Collateralised borrowing and lending operations / TriParty REPO	**-**	-
Investment in preference shares	**74.98**	68.86
Interest on deposits with bank		
Fixed deposits	**98.70**	112.19
Other interest income		
Margin with brokers	**10.92**	32.32
Others	**433.43**	177.87
	11,510.52	16,876.08
On financial assets measured at FVTPL		
Interest income from investments		
Interest income - securities held for trading	**608.98**	827.76
	608.98	827.76
	12,119.50	17,703.84
33. Dividend Income		
Dividend - Securities held for trading	**5.67**	23.36
Dividend - preference shares	**-**	-
	5.67	23.36
34. Fee income		
Processing and other fees	**704.36**	550.92
	704.36	550.92

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)	**For the year ended**	For the year ended
35. Net gain/ (loss) on financial instruments at FVTPL		
Investments		
Profit on trading - Securities held for trading (net)	**105.63**	1,303.66
Fair value - Securities held for trading (net)	**(13.06)**	45.80
Derivatives		
Profit on trading - Interest rate swap (net)	**(2.19)**	(0.35)
Profit on trading - Equity derivative instruments (net)	**79.20**	115.22
Profit on trading - Currency derivative instruments (net)	**-**	-
Profit / (loss) on trading - Interest rate derivative instruments (net)	**232.47**	46.09
Fair value - Derivative financial instruments (net)	**9.01**	(53.53)
Others		
Profit on sale/redemption - Security receipts	**300.25**	(739.29)
Fair value - Security receipts	**2,906.85**	(1,118.01)
Profit on sale/redemption - AIFs	**29.36**	-
Fair value - AIFs	**(43.32)**	188.28
Fair value - debt instruments (CCD) *(Refer note 39.A)*	**-**	1,740.00
	3,604.20	1,527.87
Fair value changes		
Realised	**744.72**	725.33
Unrealised	**2,859.48**	802.54
	3,604.20	1,527.87

36. Other income

Interest on income tax refund	**98.82**	-
Other miscellaneous income	**75.14**	207.89
	173.96	207.89

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)	**For the year ended March 31, 2022**	For the year ended March 31, 2021
37. Finance costs		
On financial liabilities measured at amortised cost		
Interest on borrowings other than debt securities	**5,426.10**	7,567.97
Interest on debt securities	**7,454.57**	7,850.17
Interest on subordinated liabilities	**793.54**	911.50
Other finance cost and bank charges	**347.98**	514.26
Interest on lease liabilities	**5.80**	16.79
(Refer note 41.C)		
	14,027.99	16,860.69
38. Net loss on derecognition of financial instruments		
(Refer note 39.A)		
Loss on sale of credit impaired assets	**713.30**	3,724.22
(Refer note 54.D)		
	713.30	3,724.22
39. Impairment on financial instruments		
(Refer note 39.A)		
Provision for diminution in value of Investment	**-**	-
Expected credit loss		
Loans (Including undrawn commitments)	**(1,540.08)**	(3,918.92)
Bad debts and advances written off/(write back) (net)	**141.45**	(642.82)
Trade receivables	**1.39**	(13.11)
Other Credit Cost	**209.70**	395.48
Provision for credit loss on securitisation	**-**	(0.07)
	(1,187.54)	(4,179.44)

39.A Under the Shareholders' Agreement dated March 5, 2019, entered between Edelweiss Financial Services Limited (EFSL), CDPQ Private Equity Asia PTE. Limited (CDPQ) and the Company (together referred as Parties), EFSL had agreed, pursuant to clause 8.1 & 8.2 to make equity investment of an amount equivalent to the amount of losses on Select real state/structured finance Loans (Select Loans) into the Company within six months of the default leading to loss incurred by the Company on or before the date of the conversion of the Investor CCDs into Equity Shares. The rationale for this undertaking was to keep the total equity/net worth of the Company unimpacted on account of impairment in these loan accounts. During the previous year ended March 31, 2021, Parties have discussed and agreed that loss event for two of the borrowers in the Select Loans have crystalized and hence, EFSL has agreed to make good the loss amounting to Rs. 1400.10 millions incurred by the Company in earlier years. Accordingly, ECLF has recorded such recovery in its profit and loss account for the year ended March 31, 2021. The Parties have agreed that no loss event has been crystalized in respect of other Select Loans mentioned in above said clauses of the agreement and hence as at March 31, 2022 there is no obligation EFSL has as at March 31, 2022.

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V.C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

(Currency:Indian rupees in million)

	For the year ended For the year ended March 31, 2022	For the year ended For the year ended March 31, 2021
40. Employee benefit expenses		
Salaries wages and bonus	**814.48**	898.38
Contribution to provident and other funds	**37.02**	54.94
Expense on share based payments - refer note below	**7.63**	7.44
Staff welfare expenses	**17.16**	24.25
Employee Stock Appreciation Rights (ESAR) - Refer note below	**20.16**	27.63
	896.45	1,012.64

Notes:

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

2) The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules there under. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

40.A Employee Benefits

a) Defined contribution plan - provident funds

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

The Company recognised Rs. 29.34 million (March 31, 2021 : Rs. 45.51 million) for provident fund and other contributions in the Statement of profit and loss.

b) Defined benefit plan - gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non-contributory defined benefit arrangement providing lump-sum gratuity benefits expressed in terms of final monthly salary and year of service, covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded obligations (A)	**47.81**	55.23
Fair value of plan assets (B)	**85.83**	118.19
Present value of funded obligations (A - B)	(38.02)	(62.96)
Net deficit / (assets) are analysed as:		
Liabilities - (refer note 28)	-	-

Movement in net defined benefit (asset) liability

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

Particulars	Defined benefit obligation (DBO)		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2022	March 31, 2021	**March 31, 2022**	March 31, 2021	**March 31, 2022**	March 31, 2021
Opening balance	**55.23**	**102.01**	**118.19**	**97.24**	**(62.97)**	4.77
Current service cost	6.23	8.73	-	-	6.23	8.73
Interest cost (income)	2.58	4.04	4.14	5.72	(1.56)	(1.68)
	64.04	114.78	**122.33**	102.96	**(58.30)**	11.82
Other comprehensive income						
Remeasurement loss (gain):		-		-	-	-
Experience	(1.18)	(8.09)	3.05	15.23	(4.23)	(23.32)
Financial assumptions	0.64	0.15	-	-	0.64	0.15
Changes in the effect of limiting a net defined benefit asset to the asset ceiling	-	-	(39.55)	-	39.55	-
	(0.54)	(7.94)	**(36.50)**	15.23	**35.96**	(23.17)
Others						
Transfer in/ (out)	(3.66)	(33.48)	-	-	(3.66)	(33.48)
Contributions by employer			12.03	18.13	(12.03)	(18.13)
Benefits paid	(12.03)	(18.13)	(12.03)	(18.13)	-	-
Closing balance	**47.81**	55.23	**85.83**	118.19	**(38.02)**	(62.96)
Represented by						
Net defined benefit asset					38.02	62.96
Net defined benefit liability					-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

Components of defined benefit plan cost:

Particulars	For year ended March 31, 2022	For year ended March 31, 2021
Recognised in statement of profit or loss		
Current service cost	**6.23**	8.73
Interest cost / (income) (net)	**(1.56)**	(1.68)
Total	**4.67**	7.05
Recognised in other comprehensive income		
Remeasurement of net defined benefit	**(3.59)**	(23.17)
Total	**(3.59)**	(23.17)

Percentage break-down of total plan assets

Particulars	as at March 31, 2022	as at March 31, 2021
Investment funds with insurance company		
Of which, unit linked	**95.50**	95.10
Cash and cash equivalents	**4.50**	4.90
	100.00	100.00

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

Actuarial assumptions:

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	**5.90%**	5.00%
Salary growth rate	**7.00%**	7.00%
Withdrawal/attrition rate (based on categories)	**16.00%**	25.00%
Mortality rate	**IALM 2012-14(Ultimate)**	IALM 2012-14(Ultimate)
Expected weighted average remaining working lives of employees	**4 Years**	3 Years
Interest rate on net DBO/ (asset) (% p.a.)	**5.00%**	5.90%

Notes:

a) The discount rate is based on the benchmark yields available on Government Bonds at reporting date.

b) The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors.

c) Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

Sensitivity analysis:

other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at March 31, 2022		As at March 31, 2021	
	Increase	**Decrease**	Increase	Decrease
Salary Growth Rate (+/- 1%)	**2.04**	**(1.87)**	1.78	(1.70)
Discount Rate (+/- 1%)	**(1.87)**	**2.08**	(1.72)	1.83
Withdrawal Rate (+/- 1%)	**(0.11)**	**0.12**	(0.13)	0.14

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 year to the methods and assumptions underlying the sensitivity analyses.

Description of asset liability matching (ALM) policy

The Company has an insurance plan invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates. The liabilities' duration is not matched with the assets' duration.

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the fund are funded by assets. The company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

Maturity profile

The weighted average duration of the obligation is 3 years (March 31, 2021: 4 years) as at the date of valuation. This represents the weighted average of the expected remaining lifetime of all plan participants.

Asset liability comparisons

Particulars	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Present value of DBO	**47.81**	55.23	102.01	93.02
Fair value of plan assets	**85.83**	118.19	97.24	88.62
Net (assets)/liability	**(38.02)**	(62.96)	4.77	4.40

C) Compensated absences :

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation.

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

	For the year ended March 31, 2022	For the year ended March 31, 2021
41. Other expenses		
Advertisement and business promotion	**3.81**	1.38
Auditors' remuneration (refer note 41.A)	**21.46**	15.36
Commission and brokerage	**18.30**	85.33
Communication	**(0.38)**	9.61
Directors' sitting fees	**1.10**	1.00
Insurance	**6.94**	2.08
Legal and professional fees	**496.33**	518.48
Management fees paid to Asset reconstruction companies	**266.54**	1,661.44
Printing and stationery	**1.27**	4.08
Rates and taxes	**6.08**	11.06
Rent (refer note 41.C & 41.D)	**2.62**	75.29
Repairs and maintenance (refer note 41.D)	**6.44**	7.94
Electricity charges (refer note 41.D)	**6.64**	5.57
Computer expenses	**122.39**	99.43
Corporate social responsibility (refer note 41.B)	**-**	64.56
Corporate guarantee commission	**0.04**	193.48
Clearing & custodian charges	**0.56**	16.01
Dematerialisation charges	**3.64**	1.76
Rating support fees (refer note 41.D)	**25.11**	34.92
Loss on sale of property, plant and equipment	**17.46**	7.59
Membership and subscription	**5.99**	2.15
Office expenses (refer note 41.D)	**14.83**	220.07
Securities transaction tax	**37.78**	170.28
Loan origination cost	**-**	97.69
Goods & service tax expenses	**315.87**	452.76
Stamp duty	**11.96**	60.97
Travelling and conveyance	**15.61**	12.65
Miscellaneous expenses	**75.49**	143.92
Housekeeping and security charges (refer note 41.D)	**11.40**	16.41
Amortisation - Right to Use Assets	**-**	2.42
	1,495.28	3,995.69

41.A Auditors' remuneration:

	For the year ended March 31, 2022	For the year ended March 31, 2021
As a Auditor		
Statutory audit of the company	**11.00**	7.00
Limited review	**9.02**	4.50
Fees for debentures issuances/other services	**1.12**	3.40
Towards reimbursement of expenses	**0.32**	0.21
	21.46	15.11

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

41.B Details of CSR Expenditure:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act 2013.	-	-
Amount Spent (paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	-	64.56
Amount Spent (yet to be paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	-	-
	-	64.56
Amount paid to EdelGive Foundation *(refer note 49 related party disclosure)*	-	64.56
Paid to external parties	-	-
	-	64.56

41.C Ind AS 116 on Lease

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using modified retrospective method. The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use assets at an amount equal to the lease liability discounted at the incremental borrowing rate at the date of initial application.

Right to use of assets

	As at March 31, 2022	As at March 31, 2021
Building		
Opening balance	**60.82**	225.53
Addition / disposal during year	**3.51**	(114.24)
Depreciation expenses	**(21.21)**	(50.47)
Closing balance	**43.12**	**60.82**

(Currency:Indian rupees in million)

Lease liability

	As at March 31, 2022	As at March 31, 2021
Opening balance	**75.99**	267.10
Addition/closed during year	**4.28**	(134.47)
Accretion of interest	**5.80**	16.79
Payments during the year	**(34.41)**	(73.43)
Closing balance	**51.66**	75.99

Amount recognised in statement of profit and loss

	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation expenses - right of use assets	**21.21**	50.47
Interest expenses on lease liabilities	**5.80**	16.79
Expenses relating to short term leases (included in other expenses)	**2.62**	75.29
Total amount recognised in statement of profit and loss	**29.63**	142.55

41.D Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group Mediclaim, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 40 and 41 include reimbursements paid and are net of reimbursements received based on the management's best estimate are Rs. 129.24 millions (previous year Rs. 253.27 millions)

(Currency:Indian rupees in million)

42. Income tax

Component of income tax expenses

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax	-	-
Adjustment in respect of current income tax of prior years	-	(557.59)
Deferred tax relating to temporary differences	(267.78)	(1,065.83)
Total tax charge for the year	(267.78)	(1,623.42)
Current tax (refer note 42.A)	-	(557.59)
Deferred tax (refer note 42.B)	(267.78)	(1,065.83)

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before taxes	525.75	(1,601.07)
Statutory income tax rate	25.17%	25.17%
Tax charge at statutory rate	132.32	(402.96)
Tax effect of :		
A) Adjustment in respect of current income tax of prior year	-	(557.59)
B) Income not subject to tax or chargeable to lower tax rate	-	(17.33)
C) Tax impact due to revaluation of deferred tax due to change in Income tax rate*	-	-
D) Item on which no deferred tax is created	(142.24)	252.76
E) Deferred tax created on item, on which deferred tax not created in previous year	(257.96)	(916.66)
F) Non deductible expenses	0.10	18.36
Total tax reported in statement of profit and loss	(267.78)	(1,623.42)
Effective income tax rate	-50.93%	101.40%

Note ; During the year ended March 31, 2022, the Company has accounted for deferred tax assets of Rs. 267.78 millions on carried forward business losses and other components.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

42.B Table below shows deferred tax recorded in the balance sheet and changes recorded in Income tax expenses:

For the year ended March 31, 2022	As at April 01, 2021	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	As at March 31, 2022
Deferred tax assets					
Expected credit loss provision	1,224.24	(425.24)	-	-	799.00
Effective interest rate on financial assets	28.63	(13.21)	-	-	15.42
Stage 3 Income recognition	65.66	56.98	-	-	122.64
Retirement benefits	(2.76)	3.36	9.05	-	9.65
Accumulated Loss	4,318.60	1,172.33	-	-	5,490.93
Fair valuation gain/loss on SIT/financial instruments/Others	1,206.27	(699.41)	-	-	506.86
Deferred tax liabilities					
Difference between book and tax depreciation (including intangibles)	(263.36)	39.05	17.80	-	(206.51)
Effective interest rate on financial liabilities	(303.31)	128.76	-	-	(174.55)
Fair valuation of assets and liabilities	(461.02)	5.15	-	-	(455.87)
Interest spread on assignment transactions	-	-	-	-	-
Deferred tax asset (net)	**5,812.95**	**267.78**	**26.85**	**-**	**6,107.58**

For the year ended March 31, 2021	As at April 01, 2020	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	As at March 31, 2021
Deferred tax assets					
Expected credit loss provision	2,241.45	(1,017.21)	-	-	1,224.24
Effective interest rate on financial assets	215.98	(187.35)	-	-	28.63
Stage 3 Income recognition	84.26	(18.60)	-	-	65.66
Retirement benefits	6.46	(3.39)	(5.83)	-	(2.76)
Tax break on employee stock option scheme	1,869.34	2,449.26	-	-	4,318.60
Fair valuation gain/loss on SIT/financial instruments/Others	(31.83)	1,238.10	-	-	1,206.27
Deferred tax liabilities					
Difference between book and tax depreciation (including intangibles)	(172.21)	(91.15)	-	-	(263.36)
Revaluation of Property Plant & Equipments		-	-	-	-
Effective interest rate on financial liabilities	(420.10)	116.79	-	-	(303.31)
Fair valuation of assets and liabilities	1,032.49	(1,493.51)	-	-	(461.02)
Interest spread on assignment transactions	(72.89)	72.89	-	-	-
Deferred tax asset (net)	**4,752.95**	**1,065.83**	**-5.83**	**-**	**5,812.95**

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

43. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company with the weighted average number of equity shares outstanding during the year adjusted for assumed conversion of all dilutive potential equity shares.

	For the year ended March 31, 2022	For the year ended March 31, 2021
Basic Earnings per Share		
Net (Loss) / Profit attributable to Equity holders of the Company - A	**793.53**	22.35
Weighted average Number of Shares		
- Number of equity shares outstanding at the beginning of the year	**2,13,82,67,650**	2,13,82,67,650
- Number of equity shares issued during the year	**-**	-
Total number of equity shares outstanding at the end of the year	**2,13,82,67,650**	2,13,82,67,650
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) - B	**2,13,82,67,650**	2,13,82,67,650
Number of ordinary shares resulting from conversion of CCD (Compulsory Convertible Debentures) - C	**56,18,90,162**	56,18,90,162
Weighted average number of equity shares outstanding during the period (based on the date of issue of shares) - D (B+C)	**2,70,01,57,812**	2,70,01,57,812
Basic earnings per share (in rupees) (A/B)	**0.37**	0.01
Diluted earnings per share (in rupees) (A/D)	**0.29**	0.01

44. Contingent Liability & Commitment:

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

Contingent Liability

	For the year ended March 31, 2022	For the year ended March 31, 2021
Direct tax Litigation pending against the Company	**43.91**	191.02

Commitment

	For the year ended March 31, 2022	For the year ended March 31, 2021
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**-**	-
Undrawn committed credit lines	**225.93**	3,805.96
AIF Undrawn amount	**2,220.00**	88.45

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

45. Segment Reporting

Primary Segment (Business segment)

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

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments and dividend income
Financing business	Wholesale and retail financing

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

Secondary Segment

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

Segment information as at and for the year ended March 31, 2022

Particulars	Financing business	Treasury	Capital based business	Unallocated	Total
Revenue from Operations					
Interest Income	11,371.86	676.60	71.03	-	12,119.49
Other Operating income	3,986.60	402.78	-	98.82	4,488.20
Total Revenue from Operations	15,358.46	1,079.38	71.03	98.82	**16,607.69**
Interest Expenses	13,525.80	398.93	103.24	-	14,027.97
Other Expenses	1,782.53	270.34	-	1.10	2,053.97
Total Expenses	15,308.33	669.27	103.24	1.10	**16,081.94**
Segment profit/(loss) before taxation	50.13	410.11	(32.21)	97.72	**525.75**
Income Tax Expenses				(267.78)	(267.78)
Profit for the year					**793.53**
Other Comprehensive Income	(52.92)			(26.91)	(79.83)
Total comprehensive (loss) / income					**713.70**
Segment Assets	1,18,917.55	11,084.01	2,255.01	11,203.32	**1,43,459.89**
Segment Liabilities	1,05,255.44	10,937.05	1,301.07	371.79	**1,17,865.35**
Capital expenditure	9.23		-	-	**9.23**
Depreciation and amortisation	136.46		-	-	**136.46**
Significant non-cash items	(1,538.69)		-	-	**(1,538.69)**

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

Segment information as at and for the year ended March 31, 2021

Particulars	Financing business	Treasury	Capital based business	Unallocated	Total
Revenue from Operations					
Interest Income	16,449.87	915.13	337.19	1.64	17,703.83
Other Operating income	562.00	1,724.56	23.49	-	2,310.05
Total Revenue from Operations	17,011.87	2,639.69	360.68	1.64	**20,013.88**
Interest Expenses	15,814.52	822.68	223.50	-	16,860.70
Other Expenses	4,274.94	413.77	-	65.54	4,754.25
Total Expenses	20,089.46	1,236.45	223.50	65.54	**21,614.95**
Segment profit/(loss) before taxation	(3,077.59)	1,403.24	137.18	(63.90)	**(1,601.07)**
Income Tax Expenses	-	-	-	(1,623.42)	(1,623.42)
Profit for the year					**22.35**
Other Comprehensive Income	-			17.34	17.34
Total comprehensive (loss) / income					**39.69**
Segment Assets	1,62,989.68	12,885.18	4,081.85	9,834.01	**1,89,790.72**
Segment Liabilities	1,43,940.83	12,195.33	1,306.41	7,524.85	**1,64,967.42**
Capital expenditure	8.61	-	-	-	**8.61**
Depreciation and amortisation	201.15	-	-	-	**201.15**
Significant non-cash items	(3,932.10)	-	-	-	**(3,932.10)**

(Currency:Indian rupees in million)

46. Transfer of financial assets

46.A Transferred financial assets that are not derecognised in their entirety

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Securitisations		
Carrying amount of transferred assets *(held as Collateral)*	**1,531.06**	3,710.25
Carrying amount of associated liabilities	**1,255.61**	3,206.46
Fair value of assets	**1,497.42**	3,300.14
Fair value of associated liabilities	**1,408.63**	3,220.90
Net position at FV	**88.79**	79.24

46.B Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement:

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

47. A. Change in liabilities arising from financing activities

Particulars	As at April 01, 2021	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2022
Debt securities	70,781.61	(14,986.64)	-	(659.05)	55,135.92
Borrowings other than debt securities	73,772.94	(35,054.87)	-	298.23	39,016.30
Subordinated liabilities	15,007.22	0.01	-	392.08	15,399.31
	1,59,561.77	**(50,041.50)**	**-**	**31.26**	**1,09,551.53**

Particulars	As at April 01, 2020	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2021
Debt securities	88,633.71	(14,430.92)	(1,740.00)	(1,681.18)	70,781.61
Borrowings other than debt securities	93,177.45	(19,213.02)	-	(191.49)	73,772.94
Subordinated liabilities	19,789.28	(4,627.66)	-	(154.40)	15,007.22
	2,01,600.44	**(38,271.60)**	**(1,740.00)**	**(2,027.07)**	**1,59,561.77**

*Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

47. **B.** Operating cash flow before working capital changes has cash losses of Rs.3,554.75 Mn for the year ended 31st March, 2022 (Cash losses of Rs. 3,748.62 Mn computed basis Companies (Auditor's Report) Order, 2020)* is primarily on account of unrealised gain of Rs. 2850.62 Mn on financial instruments and reversal of ECL provision of Rs.1,539.00 Mn . A large portion of the fair value gain booked is backed by signed settlement agreements (some of which are backed by listed and liquid collateral) and due to improvement in the Real Estate project execution. Management is confident to realise these unrealised fair value gain in subsequent period during FY 2022-23.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency: Indian rupees in million)

48. 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. Derivatives (excluding embedded derivatives), securities held for trading have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2022 Within 12 months	As at March 31, 2022 After 12 months	As at March 31, 2022 Total	As at March 31, 2021 Within 12 months	As at March 31, 2021 After 12 months	As at March 31, 2021 Total
Financial Assets						
Cash and cash equivalents	1,501.76	-	1,501.76	17,587.16	-	17,587.16
Bank balances other than cash and cash equivalents	736.58	-	736.58	1,961.29	-	1,961.29
Derivative financial instruments	148.48	-	148.48	143.65	-	143.65
Securities held for trading	10,184.48	-	10,184.48	10,514.60	-	10,514.60
Trade receivables	870.50	0.02	870.52	2,414.96	-	2,414.96
Loans	28,973.60	24,199.74	53,173.34	24,426.70	56,638.71	81,065.41
Investments	15,618.00	46,675.61	62,293.61	14,616.70	41,059.41	55,676.11
Other financial assets	824.67	-	824.67	7,019.50	696.74	7,716.24
Non-financial assets						
Current tax assets (net)	-	4,515.87	4,515.87	-	3,250.62	3,250.62
Deferred tax assets (net)	-	6,107.58	6,107.58	-	5,812.95	5,812.95
Investment Property	-	1,162.00	1,162.00	-	1,162.00	1,162.00
Property, plant and equipment	-	931.95	931.95	-	1,069.40	1,069.40
Capital work in progress	-	-	-	-	-	-
Intangible assets under development	-	-	-	-	3.76	3.76
Other intangible assets	-	1.57	1.57	-	49.01	49.01
Other non- financial assets	-	1,007.48	1,007.48	-	1,363.56	1,363.56
Total Assets	**58,858.07**	**84,601.82**	**1,43,459.89**	**78,684.56**	**1,11,106.16**	**1,89,790.72**
Financial Liabilities						
Derivative financial instruments	618.60	-	618.60	199.95	209.06	409.01
Trade payables	5,754.20	-	5,754.20	711.75	-	711.75
Debt securities	6,442.58	48,693.34	55,135.92	20,834.44	49,947.17	70,781.61
Borrowings (other than debt securities)	33,312.04	5,704.26	39,016.30	48,639.79	25,133.15	73,772.94
Subordinated liabilities	1,103.96	14,295.35	15,399.31	604.36	14,402.86	15,007.22
Other financial liabilities	1,046.38	668.78	1,715.16	2,956.19	1,103.29	4,059.48
Non-financial liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	-	11.05	11.05	-	6.54	6.54
Other non-financial liabilities	214.81	-	214.81	218.87	-	218.87
Total Liabilities	**48,492.57**	**69,372.78**	**1,17,865.35**	**74,165.35**	**90,802.07**	**1,64,967.42**
Net	**10,365.50**	**15,229.04**	**25,594.54**	**4,519.21**	**20,304.09**	**24,823.30**

Notes:

The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 8004.23 million as at March 31, 2022 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. Related Party Disclosure for the year April 1, 2021 to March 31, 2022

A) List of related parties and relationship:

Name of related parties by whom control is exercised :	
Holding company	Edelweiss Financial Services Limited
Fellow subsidiaries (with whom transactions have taken place)	Edelweiss Rural and Corporate Services Limited Edelweiss Retail Finance Limited Edelweiss Housing Finance Limited Edelweiss Asset Management Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss General Insurance Company Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Securities And Investments Private Limited (Magnolia) Edel Finance Company Limited Edel Investments Limited Edelweiss Asset Reconstruction Company Limited - Trust SC 397 Edelweiss Asset Reconstruction Company Limited - Trust SC 406 Edelweiss Asset Reconstruction Company Limited - Trust SC 412 Edelweiss Asset Reconstruction Company Limited - Trust SC 413 Edelweiss Asset Reconstruction Company Limited - Trust SC 434 Edelweiss Asset Reconstruction Company Limited - Trust SC 444 Edelweiss Alternative Asset Advisors Limited Edelweiss Global Wealth Management Limited Edelweiss Gallagher Insurance Brokers Limited Edelcap Securities Limited Edel Land Limited (Formally Ecap Equities Limited) EdelGive Foundation
Fellow Associates (with whom transactions have taken place)	Edelweiss Finance and Investments Limited Edelweiss Broking Limited Edelweiss Securities Limited Edelweiss Custodial Services Limited Edelweiss Investments Advisors Limited

Key management personnel	Rashesh Shah (Chairman) (Non Executive Director w.e.f. August 1, 2021) Deepak Mittal (Vice Chairman w.e.f close of business hours on June 10, 2021) (Executive Capacity) Venkatchalam Ramaswamy (Vice-Chairman & Non-Executive Director) Subramanian Ranganathan (Managing Director w.e.f. July 26, 2021) PN Venkatachalam (Independent Director) Kunnasagaran Chinniah (Independent Director) Vidya Shah (Non-Executive Director) Biswamohan Mahapatra (Independent Director) Anita George (Nominee Director) Phanindranath Kakarla (w.e.f. June 10, 2021) (Chief Financial Officer) Kashmira Mathew (Company Secretary) Deepak Khetan (Upto April 23, 2021) (Chief Financial Officer)
Enterprises over which promoter /KMPs/ relatives exercise significant influence , with whom transactions have taken place	Mabella Investment Adviser LLP

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. Related Party Disclosure for the year April 1, 2021 to March 31, 2022

B) Transactions with related parties:

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Current account transactions		
Loans taken from (Maximum transaction during the year)		
Edelweiss Rural and Corporate Services Limited	2,500.00	1,600.00
Edelweiss Retail Finance Limited	2,000.00	1,500.00
Edelweiss Housing Finance Limited	2,000.00	1,500.00
Edelweiss Financial Services Limited	4,000.00	2,000.00
Edel Land Limited (Formally Ecap Equities Limited)	1,000.00	-
Loans taken from (Sum of transaction during the year)		
Edelweiss Rural and Corporate Services Limited	10,337.86	3,821.54
Edelweiss Retail Finance Limited	7,640.00	2,035.00
Edelweiss Housing Finance Limited	7,950.00	6,010.00
Edelweiss Financial Services Limited	7,100.00	3,800.00
Edel Land Limited (Formally Ecap Equities Limited)	1,300.00	-
Loan repaid to (Maximum transaction during the year)		
Edelweiss Rural and Corporate Services Limited	2,200.00	1,600.00
Edelweiss Retail Finance Limited	2,710.00	35.00
Edelweiss Housing Finance Limited	2,000.00	2,000.00
Edelweiss Financial Services Limited	4,000.00	-
Edel Land Limited (Formally Ecap Equities Limited)	800.00	-
Loan repaid to (Sum of transaction during the year)		
Edelweiss Rural and Corporate Services Limited	9,557.86	3,827.45
Edelweiss Retail Finance Limited	9,560.00	70.00
Edelweiss Housing Finance Limited	8,950.00	5,020.00
Edelweiss Financial Services Limited	10,900.00	-
Edel Land Limited (Formally Ecap Equities Limited)	1,300.00	-
Loans given to (Maximum transaction during the year)		
Edelweiss Rural and Corporate Services Limited	-	2,450.00
ECap Equities Limited	-	1,600.00
Edelweiss Housing Finance Limited	-	250.00
Edelweiss Retail Finance Limited	790.00	1,000.00
Loans given to (Sum of transaction during the year)		
Edelweiss Rural and Corporate Services Limited	-	8,360.00
ECap Equities Limited	-	5,800.00
Edelweiss Housing Finance Limited	-	250.00
Edelweiss Retail Finance Limited	879.16	1,000.00
Loans repaid by (Maximum transaction during the year)		
Edelweiss Rural and Corporate Services Limited	-	2,450.00
ECap Equities Limited	-	1,940.00
Edelweiss Housing Finance Limited	-	250.00
Edelweiss Retail Finance Limited	790.00	1,000.00
Loans repaid by (Sum of transaction during the year)		
Edelweiss Rural and Corporate Services Limited	-	9,964.00
ECap Equities Limited	-	5,800.00
Edelweiss Housing Finance Limited	-	250.00
Edelweiss Retail Finance Limited	879.16	1,000.00
Loans given including interest accrual to key management personnel & relatives		
Mabella Investment Adviser LLP	-	300.00
Repayment of loans including interest by key management personnel & relatives		
Mabella Investment Adviser LLP	143.63	187.16
Redemption of Non Convertible Debentures / benchmark linked debentures		
Edelweiss Broking Limited	-	0.37
Edelweiss Finance and Investments Limited	4.70	27.45
Edelweiss Retail Finance Limited	11.04	-
Edelweiss Rural and Corporate Services Limited	1,200.00	-
ECap Equities Limited	-	0.01

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. Related Party Disclosure for the year April 1, 2021 to March 31, 2022

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Secondary market transactions		
Purchases of securities from		
ECap Equities Limited	839.49	142.00
Edelweiss Rural and Corporate Services Limited	-	654.55
Edelweiss Finance and Investments Limited	654.65	1,284.61
Edelweiss Broking Limited	-	47.75
Edelweiss Tokio Life Insurance Company Limited	-	114.17
Edel Finance Company Limited	-	460.04
Edelweiss General Insurance Company Limited	-	98.54
Edelweiss Retail Finance Limited	-	102.02
Edelweiss Housing Finance Limited	-	2,144.87
Sale / subscription of securities		
Edelweiss Rural and Corporate Services Limited	2,147.00	212.24
Edelweiss Finance and Investments Limited	301.08	4,012.67
Edelweiss Securities Limited	-	839.71
Edelweiss Broking Limited	-	280.62
Edelweiss Tokio Life Insurance Company Limited	-	98.56
Edel Finance Company Limited	-	529.19
Edelweiss Securities And Investments Private Limited	-	36.77
Edelweiss Retail Finance Limited	-	83.64
Edelweiss Housing Finance Limited	150.72	-
Margin placed with (in volume)		
Edelweiss Securities Limited	-	96,350.12
Edelweiss Custodial Services Limited	-	59,842.29
Margin refund received from (in volume)		
Edelweiss Securities Limited	-	96,579.12
Edelweiss Custodial Services Limited	-	59,797.09
Security Deposits received from		
Edelweiss General Insurance Company Limited	25.33	-
Amount paid to broker for trading in cash segment (in volume)		
Edelweiss Securities Limited	-	1,01,875.25
Amount received from broker for trading in cash segment (in volume)		
Edelweiss Securities Limited	-	1,01,085.41
Assignment of loan book to		
Edelweiss Housing Finance Limited	1,005.78	1,937.86
Edelweiss Retail Finance Limited	-	1,784.69
Sale of securities receipts to		
Edelweiss Asset Reconstruction Company Limited	2,682.08	-
Edelweiss Securities And Investments Private Limited	-	60.00
Sale of loans to EARC Trust		
Edelweiss Asset Reconstruction Company Limited - Trusts	4,487.84	794.10
Investment in Security Receipts		
Edelweiss Asset Reconstruction Company Limited - SC 397	1,955.00	-
Edelweiss Asset Reconstruction Company Limited - SC 413	363.66	-
Edelweiss Asset Reconstruction Company Limited - SC 406	-	671.50
Edelweiss Asset Reconstruction Company Limited - SC 434	127.50	-
Edelweiss Asset Reconstruction Company Limited - SC 444	1,113.50	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. Related Party Disclosure for the year April 1, 2021 to March 31, 2022

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Income		
Commission and brokerage received from		
Edelweiss Alternative Asset Advisors Limited	61.10	98.53
Edelweiss Rural and Corporate Services Limited	-	0.04
Cost reimbursement received from		
Edelweiss Financial Services Limited	1,981.94	1,869.27
Edelweiss General Insurance Company Limited	0.05	0.02
Edelweiss Retail Finance Limited	1.29	1.59
Edelweiss Housing Finance Limited	31.17	3.98
Edelweiss Global Wealth Management Limited	-	-
Edelweiss Broking Limited	0.24	0.16
Edelweiss Asset Management Limited	0.06	0.10
Edelweiss Alternative Asset Advisors Limited	0.33	-
Edelweiss Custodial Services Limited	-	0.04
Edelweiss Finance and Investments Limited	-	0.17
Edel Finance Company Limited	-	519.60
Edelcap Securities Limited	0.12	0.02
Edelweiss Asset Reconstruction Company Limited	-	0.01
Edelweiss Insurance Brokers Limited	-	113.03
Edelweiss Tokio Life Insurance Company Limited	-	0.15
Edelweiss Securities Limited	-	0.06
Edelweiss Rural and Corporate Services Limited	19.64	-
Interest income on margin placed with brokers		
Edelweiss Custodial Services Limited	10.92	32.32
Interest income on Security Deposits		
Edelweiss Rural and Corporate Services Limited	58.68	60.50
ECap Equities Limited	11.74	12.10
Interest income on loans given to		
Edelweiss Retail Finance Limited	1.29	1.87
Edelweiss Rural and Corporate Services Limited	-	124.69
ECap Equities Limited	-	32.33
Edelweiss Housing Finance Limited	-	0.50
Mabella Investment Adviser LLP	0.66	29.37
Interest received on securities		
Edelweiss Housing Finance Limited	8.68	3.66
Edel Finance Company Limited	6.16	6.15
Edelweiss Retail Finance Limited	1.56	3.17
Shared premises cost received from		
Edelweiss Alternative Asset Advisors Limited	-	3.90
Edelweiss Broking Limited	-	2.43
Edelweiss Asset Reconstruction Company Limited	-	0.01
Edelcap Securities Limited	1.03	-
Edelweiss Custodial Services Limited	-	0.14
Edelweiss Finance and Investments Limited	-	1.74
Edelweiss Financial Services Limited	-	0.25
Edel Finance Company Limited	-	0.09
Edelweiss General Insurance Company Limited	25.16	21.[illegible]3
Edelweiss Global Wealth Management Limited	-	0.01
Edelweiss Housing Finance Limited	25.04	4.36
Edelweiss Tokio Life Insurance Company Limited	-	0.05
Edelweiss Comtrade Limited	-	0.17
Edelweiss Asset Management Limited	1.43	0.05
Interest Income on Investment		
Edelweiss Rural and Corporate Services Limited	74.98	68.86
Advisory & Support services fees		
Edelweiss Financial Services Limited	-	200.00
Edelweiss Securities And Investments Private Limited	-	120.00
Management Fees Income		
Edel Land Limited (Formally Ecap Equities Limited)	98.74	-
Edelweiss Rural and Corporate Services Limited	83.41	-
Edelweiss Investment Advisors Limited	326.60	-
Reimbursement of Realised Loss on Security Receipts		
Edelweiss Financial Services Limited	342.71	-

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. **Related Party Disclosure for the year April 1, 2021 to March 31, 2022**

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Expense		
Advisory fees paid to		
Edelweiss Asset Reconstruction Company Limited	17.50	-
Edelweiss Housing Finance Limited	-	33.93
Corporate guarantee support fee paid to		
Edel Land Limited	0.02	0.01
Edelweiss Financial Services Limited	-	0.41
Edelweiss Rural and Corporate Services Limited	0.02	-
Risk and reward sharing fees		
Edelweiss Rural and Corporate Services Limited	-	142.49
Edelweiss Financial Services Limited	-	50.57
Clearing charges paid to		
Edelweiss Custodial Services Limited	0.56	14.41
Commission and brokerage paid to		
Edelweiss Global Wealth Management Limited	-	15.80
Edelweiss Securities Limited	3.39	27.54
Edel Investments Limited	2.85	3.85
Edelweiss Rural and Corporate Services Limited	-	1.59
Cost reimbursement paid to		
Edel Land Limited	2.84	0.26
ECap Equities Limited	-	0.60
Edelweiss Broking Limited	-	0.40
Edelweiss Rural and Corporate Services Limited	64.14	16.86
Edelweiss Financial Services Limited	0.26	17.33
Edelweiss Housing Finance Limited	0.18	-
Edelweiss Alternative Asset Advisors Limited	-	3.22
Edelweiss Securities Limited	0.64	3.81
Corporate Social responsibility expenses paid to		
EdelGive Foundation	-	64.56

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. Related Party Disclosure for the year April 1, 2021 to March 31, 2022

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Enterprise Service charge paid to		
Edelweiss Rural and Corporate Services Limited	10.80	125.88
Edelweiss Financial Services Limited	-	80.66
Interest paid on loan		
Edelweiss Rural and Corporate Services Limited	193.45	0.14
Edelweiss Retail Finance Limited	108.30	4.31
Edelweiss Housing Finance Limited	71.62	8.39
Edelweiss Financial Services Limited	71.69	1.82
Edel Land Limited (Formally Ecap Equities Limited)	20.67	-
Management Fees Paid to		
Edelweiss Alternative Asset Advisors Limited	99.92	127.99
Edelweiss Rural and Corporate Services Limited	-	0.40
Edelweiss Financial Services Limited	-	2.73
Edelweiss Asset Reconstruction Company Limited	803.90	969.37
Rating support fees paid to		
Edelweiss Financial Services Limited	-	0.44
Edelweiss Rural and Corporate Services Limited	0.68	0.91
Shared premises cost paid to		
ECap Equities Limited	7.73	27.98
Edelweiss Rural and Corporate Services Limited	11.73	46.71
Edelweiss Retail Finance Limited	0.90	46.60
Edelweiss Securities Limited	-	0.20
Edelweiss Broking Limited	0.63	-
Interest paid on bench mark linked debentures		
ECap Equities Limited	-	48.64
Interest expenses on non-convertible debentures		
Edelweiss Rural and Corporate Services Limited	239.75	217.50
Edelweiss Finance and Investments Limited	4.16	0.01
Edelweiss Retail Finance Limited	5.36	22.70
ECap Equities Limited	46.36	33.53
Edelweiss Housing Finance Limited	-	18.50
ESOP cost reimbursement		
Edelweiss Financial Services Limited	27.79	35.07
Remuneration paid to		
Phanindranath Kakarla	20.55	8.51
Deepak Mittal	70.82	11.77
Kashmira Mathew	17.70	5.23
Archibold Serrao	-	3.09
Deepak Khetan	1.98	8.77
Sarju Simaria	-	4.01
S. Ranganathan	19.66	-
Sitting fees paid		
PN Venkatachalam	0.40	0.44
Biswamohan Mahapatra	0.40	0.44
Kunnasagaran Chinniah	0.30	0.12

49. **Related Party Disclosure for the year April 1, 2021 to March 31, 2022**

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Assets		
Interest accrued on loans given to		
Edelweiss Rural and Corporate Services Limited	0.24	0.87
Edelweiss Retail Finance Limited		1.73
Mabella Investment Adviser LLP	-	1.23
Interest accrued on securities		
Edel Finance Company Limited	4.15	4.15
Edelweiss Housing Finance Limited	0.58	11.29
Edelweiss Retail Finance Limited	0.07	0.07
Investments in preference shares (at amortised cost)		
Edelweiss Rural and Corporate Services Limited	918.36	843.38
Margin money balance with		
Edelweiss Custodial Services Limited	474.90	531.71
Edelweiss Securities Limited	-	40.17
Edel Investments Limited	42.16	
Security Deposits balance with		
Edelweiss Rural and Corporate Services Limited	-	500.00
ECap Equities Limited	-	100.00
Loan given outstanding		
Mabella Investment Adviser LLP	-	142.21
Non convertible debentures held for trading		
Edelweiss Housing Finance Limited	8.38	166.82
Edel Finance Company Limited	61.47	65.65
Edelweiss Retail Finance Limited	16.88	16.03
Interest Accrued on Margin		
Edelweiss Custodial Services Limited	6.59	-
Trade receivables		
Edelweiss Securities And Investments Private Limited	-	201.60
Edelweiss Alternative Asset Advisors Limited	2.85	7.48
Edel Finance Company Limited	-	13.79
Edelweiss General Insurance Company Limited	5.73	4.34
Edelweiss Asset Management Limited	0.05	0.04
Edelweiss Finance and Investments Limited	0.04	-
Edelweiss Global Wealth Management Limited	-	0.01
Edelweiss Rural and Corporate Services Limited	-	84.24
Edelweiss Financial Services Limited	765.47	2,095.36
Edelweiss Housing Finance Limited	8.83	-
Edelweiss Investment Advisors Limited	80.36	-
Edel Investments Limited	-	0.10
Other receivables		
Edelweiss Broking Limited	-	0.14
Edel Finance Company Limited	-	0.17
Edelweiss Securities Limited	-	0.02
Edelweiss Rural and Corporate Services Limited	0.40	-
Edelweiss Finance and Investments Limited	-	0.05
Edelcap Securities Limited	-	0.01
Edelweiss Asset Management Limited	-	0.01
Edelweiss Financial Services Limited	1.79	0.01
Edelweiss Retail Finance Limited	0.33	0.01
Edelweiss Capital Services Limited	-	0.01
Edelweiss Gallagher Insurance Brokers Limited	-	0.01

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. Related Party Disclosure for the year April 1, 2021 to March 31, 2022

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Purchase of property, plant and equipment		
Edelweiss Securities Limited	-	0.01
Edelweiss Retail Finance Limited	-	0.03
Edelweiss Housing Finance Limited	-	0.03
ECap Equities Limited	0.01	0.01
Edelcap Securities Limited	-	0.11
Edelweiss Broking Limited	-	0.04
Edelweiss Financial Services Limited	0.06	-
Edelweiss Asset Reconstruction Company Limited	-	0.05
Edel Investments Limited	-	0.05
Edelweiss Finance & Investments Limited	-	0.13
Edelweiss Rural & Corporate Services Limited	1.22	0.38
Sale of property, plant and equipment		
Edelweiss Broking Limited	0.01	1.52
Edelweiss Custodial Services Limited	-	0.01
Edelweiss Financial Services Limited	-	0.08
Edelweiss General Insurance Company Limited	-	1.24
Edelweiss Housing Finance Limited	0.39	0.01
Edelweiss Securities Limited	0.01	0.17
Edelcap Securities Limited	-	1.56
Edelweiss Gallagher Insurance Brokers Limited	-	0.02
Edelweiss Global Wealth Management Limited	-	0.01
Edelweiss Retail Finance Limited	0.02	0.02
EdelGive Foundation	-	0.01
Edelweiss Asset Mgmt. Ltd.	-	0.01
Edelweiss Finance & Investments Limited	-	0.40
Edelweiss Rural & Corporate Services Limited	0.07	0.19
Phanindranath Kakarla	0.24	-
Sale of capital work in progress (CWIP)		
Edelweiss Retail Finance Limited	-	24.28
Liabilities		
Security deposits received from		
Edelweiss General Insurance Company Limited	25.33	-
Non convertible debentures held by		
Edelweiss Rural and Corporate Services Limited	1,950.00	3,150.00
Edelweiss Finance and Investments Limited	11.69	21.40
Edelweiss Retail Finance Limited	36.37	47.40
ECap Equities Limited	951.59	450.68
Edelweiss Broking Limited	-	4.10
Edelweiss Securities And Investments Private Limited	-	0.45
Interest accrued on loan taken from		
Edelweiss Retail Finance Limited	32.69	3.29
Edelweiss Financial Services Limited	-	1.68
Edelweiss Housing Finance Limited	7.38	1.57
Edelweiss Rural and Corporate Services Limited	152.00	-
Edel Land Limited (Formally Ecap Equities Limited)	18.60	-
Interest accrued but not due on non convertible debentures held by		
Edelweiss Retail Finance Limited	1.24	1.61
Edelweiss Finance and Investments Limited	0.03	-
Edelweiss Rural and Corporate Services Limited	-	249.96
ECap Equities Limited	0.08	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

49. **Related Party Disclosure for the year April 1, 2021 to March 31, 2022**

Particulars	For the period ended March 31, 2022	For the period ended March 31, 2021
Loan taken from		
Edelweiss Retail Finance Limited	80.00	2,000.00
Edelweiss Housing Finance Limited	-	1,000.00
Edelweiss Financial Services Limited	-	3,800.00
Edelweiss Rural and Corporate Services Limited	780.00	-
Trade payables		
Edelweiss Alternative Asset Advisors Limited	-	17.50
Edelweiss Rural and Corporate Services Limited	22.68	-
Edelweiss Housing Finance Limited	-	1.84
Edelweiss Retail Finance Limited	0.85	0.98
Edelweiss Securities Limited	-	0.94
Edelweiss Asset Reconstruction Company Limited	10.16	53.78
ECap Equities Limited	39.02	1.57
Edelweiss Broking Limited	0.19	0.04
Edel Land Limited	-	0.01
Other Payables		
Edelcap Securities Limited	2.42	-
ECap Equities Limited	-	0.23
Edelweiss Alternative Asset Advisors Limited	0.78	6.80
Edelweiss Asset Management Limited	-	0.01
Edelweiss Asset Reconstruction Company Limited	-	0.14
Edelweiss Broking Limited	-	0.01
Edelweiss Custodial Services Limited	1.23	1.23
Edelweiss Finance and Investments Limited	0.13	8.45
Edelweiss Financial Services Limited	-	35.28
Edel Finance Company Limited	-	0.33
Edelweiss Global Wealth Management Limited	-	0.33
Edelweiss Housing Finance Limited	0.93	7.12
Edelweiss Retail Finance Limited	-	6.68
Edelweiss Rural and Corporate Services Limited	-	2.02
Edelweiss Securities Limited	0.03	0.60
Edelweiss Tokio Life Insurance Company Limited	0.01	0.01
Edelweiss General Insurance Company Limited	0.04	0.04
Edel Investments Limited	1.79	-
Corporate guarantee taken from		
Edelweiss Financial Services Limited	3,500.00	3,600.00
Edel Land Limited	242.01	218.75
Edelweiss Rural and Corporate Services Limited	249.09	-
Risk and rewards sharing arrangment with		
Edelweiss Financial Services Limited	42,906.27	40,455.17

Notes

1. Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment, bonus and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis. The variable compensation included herein is on cash basis.
2. As part of fund based activities, intergroup company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 - Related Party Disclosures, maximum amount of loans given and repaid alongwith the transaction volume are disclosed above. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.
3. The above list contain name of only those related parties with whom the Company has undertaken transactions for the year ended 31 March 2022 and 31 March 2021.

Chetan T. Shah & Co
MUMBAI
Chartered Accountants

V. C. SHAH & CO.
CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

50. Capital management

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

The pillars of its policy are as follows:

a) Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.

b) Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.

c) Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on earnings.

d) Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

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

Regulatory capital

The below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India. updated with changes suggested in circular Number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Particulars	As at March 31, 2022	As at March 31, 2021
Capital Funds		
Net owned funds (Tier I capital)	**19,623.08**	20,718.21
Tier II capital	**16,923.68**	17,525.39
Total capital funds	**36,546.76**	38,243.60
Total risk weighted assets/ exposures	**1,19,826.23**	1,51,199.70
% of capital funds to risk weighted assets/exposures:		
Tier I capital	**16.38%**	13.70%
Tier II capital	**14.12%**	11.59%
Total capital Funds	**30.50%**	25.29%

No changes have been made to the objectives, policies and processes from the previous year. However, they are under constant review by the Board.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

51. Fair Value measurement:

A. Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that company can access at the measurement date.

Level 2 – valuation technique using observable inputs:Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life.

Level 3 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

Refer note 4.11 for more details on fair value hierarchy

B. Valuation governance framework

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

The responsibility of ongoing measurement resides with the business and product line divisions. However finance department is also responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards.

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

As at March 31, 2022	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	97.71	-	-	97.71
OTC derivatives	-	53.61	-	53.61
Embedded derivatives in market-linked debentures	-	-	-	-
Total derivative financial instruments - A	97.71	53.61	-	151.32
Financial Assets held for trading				
Government debt securities	10,085.14	-	-	10,085.14
Other debt securities	-	99.34	-	99.34
Mutual fund units	-	-	-	-
Equity instruments	-	-	-	-
Total Financial assets held for trading - B	10,085.14	99.34	-	10,184.48
Investments				
Security receipts & pass through certificates	-	-	51,169.30	51,169.30
Units of AIF	-	-	10,252.18	10,252.18
Total investments measured at fair value - C	-	-	61,421.48	61,421.48
Total (A+B+C)	**10,182.85**	**152.95**	**61,421.48**	**71,757.28**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	79.81	-	-	79.81
OTC derivatives	-	51.34	-	51.34
Embedded derivatives in market-linked debentures	-	-	487.94	487.94
	79.81	**51.34**	**487.94**	**619.09**

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

As at March 31, 2021	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	96.68	-	-	96.68
OTC derivatives	-	54.93	-	54.93
Embedded derivatives in market-linked debentures	-	-	1.43	1.43
Total derivative financial instruments - A	96.68	54.93	1.43	153.04
Financial assets held for trading				
Government debt securities	8,636.61	-	-	8,636.61
Other debt securities	-	256.33	-	256.33
Mutual fund units	584.98	-	-	584.98
Equity instruments	1,036.64	-	-	1,036.64
Total financial assets held for trading - B	10,258.23	256.33	-	10,514.56
Investments				
Security receipts	-	-	46,634.62	46,634.62
Units of AIF	-	-	8,244.33	8,244.33
Total investments measured at fair value - C	-	-	54,878.95	54,878.95
Total (A+B+C)	**10,354.91**	**311.26**	**54,880.38**	**65,546.55**
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	143.11	-	-	143.11
OTC derivatives	-	61.98	-	61.98
Embedded derivatives in market-linked debentures	-	-	213.62	213.62
	143.11	**61.98**	**213.62**	**418.71**

D. Valuation techniques:

Government debt securities:

Government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term Treasury bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1

Debt securities:

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

Security receipts

The market for these securities is not active. Therefore, the Company uses valuation techniques to measure their fair values. Since the security receipts are less liquid instruments therefore they are valued by discounted cash flow models. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers. Securities receipts with significant unobservable valuation inputs are classified as Level 3

Equity instruments and units of mutual fund:

The majority of equity instruments are actively traded on stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are also classified as Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level.

Units of AIF Fund

Units held in AIF funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified as Level 3

Interest rate swaps:

Under Interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amount calculated on agreed notional principal. Such contracts enable the Company to mitigate the risk of changing interest rate. the fair value of interest rate swap is determined by discounting the future cash flows using the curves at the end of reporting period and the credit risk inherent in the contract. company classify the Interest rate swaps as level 2 instruments.

Embedded derivative:

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Company uses valuation models which calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. company classify these embedded derivative as level 3 instruments.

Exchange traded derivatives:

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

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

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

Financial year ended March 2022	Security receipts*	Units of AIF	Total
Investments - at April 1, 2021	**46,634.62**	**8,244.33**	**54,878.95**
Purchase	7,567.34	4,632.32	12,199.66
Sale during the year	(2,675.50)	(2,147.00)	(4,822.50)
Redemption during the year	(3,526.56)	(527.09)	(4,053.65)
Profit/(loss) for the year recognised in profit or loss	3,169.40	49.62	3,219.02
Investments - at March 31, 2022	**51,169.30**	**10,252.18**	**61,421.48**
Unrealised gain/(Loss) related to balances held at the end of the year	(1,996.20)	124.62	(1,871.58)

*Note - Security receipts includes pass through certificate also

Financial year ended March 2021	Security receipts	Units of AIF	Total
Investments - at April 1, 2020	**44,124.98**	**4,894.42**	**49,019.40**
Purchase	8,414.10	3,265.35	11,679.45
Sale during the year	(1,730.00)	-	(1,730.00)
Redemption during the year	(2,329.55)	(103.72)	(2,433.27)
Loss for the year recognised in profit or loss	(1,844.91)	188.28	(1,656.63)
Investments - at March 31, 2021	**46,634.62**	**8,244.33**	**54,878.95**
Unrealised gain/(Loss) related to balances held at the end of the year	(4,658.04)	167.94	(4,490.10)

The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements

	Embedded Options		
Financial year ended March 2022	Assets	Liabilities	Net Balance
As at April 1, 2021	**1.43**	**213.62**	**(212.19)**
Issuances	-	-	-
Settlements	(1.43)	(4.56)	3.13
Changes in fair value recognised in profit or loss	-	278.88	(278.88)
As at March 31, 2022	**-**	**487.94**	**(487.94)**

	Embedded Options		
Financial year ended March 2021	Assets	Liabilities	Net Balance
As at April 1, 2020	**80.41**	**36.28**	**44.13**
Issuances	-	-	-
Settlements	(0.17)	(15.58)	15.41
Changes in fair value recognised in profit or loss	(78.81)	192.92	(271.73)
As at March 31, 2021	**1.43**	**213.62**	**(212.19)**

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V.C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

51. Fair Value measurement:

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

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

Type of Financial Instruments	Fair value of asset as on 31 March 2022	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts & pass through certificates	51,169.30	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	49,980.37	5% increase in Expected future Cash flow	1,271.32	5% Decrease in Expected future Cash flow	(3,541.89)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(1,231.86)	0.5% Decrease in Risk-adjusted discount rate	2,947.95
Units of AIF	10,252.18	Net Asset approach	Fair value of underlying investments	10,252.18	5% Increase in Fair value of Underlying Investment	512.61	5% Increase in Fair value of Underlying Investment	(512.61)
Embedded derivatives (net)	487.94	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty level	17,464.75	5% increase in Nifty Index curve	121.50	5% Decrease in Nifty Index curve	(111.40)
			Risk-adjusted discount rate	4.50% to 6%	1% increase in Risk-adjusted discount rate	11.90	1% Decrease in Risk-adjusted discount rate	(11.90)

Type of Financial Instruments	Fair value of asset as on 31 March 2021	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts & pass through certificates	46,634.62	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows	83,612.43	5% increase in Expected future Cash flow	2,031.88	5% Decrease in Expected future Cash flow	(2,009.70)
			Risk-adjusted discount rate	12.00%	0.5% increase in Risk-adjusted discount rate	(115.70)	0.5% Decrease in Risk-adjusted discount rate	121.63
Units of AIF	8,244.33	Net Asset approach	Fair value of underlying investments	9,237.00	5% Increase in Fair value of Underlying Investment	412.22	5% Increase in Fair value of Underlying Investment	(412.22)
Embedded derivatives (net)	212.19	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty level	14,690.70	5% increase in Nifty Index curve	77.70	5% Decrease in Nifty Index curve	(64.30)
			Risk-adjusted discount rate	4.50% to 6%	1% increase in Risk-adjusted discount rate	17.70	1% Decrease in Risk-adjusted discount rate	(16.60)

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

51. Fair Value measurement:

H. Fair value of financial instruments not measured at fair value:

The table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2022 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financials assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

As at March 31, 2022	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Loans	53,173.34	-	-	57,349.65	57,349.65
Financial Liabilities					
Debt securities	55,135.92	-	55,638.32	-	55,638.32
Borrowings (other than debt securities)	39,016.30	-	-	39,016.30	39,016.30
Subordinated Liabilities	15,399.31	-	15,060.09	-	15,060.09
Off balance-sheet items					
Undrawn commitments	2,445.93	-	-	2,126.90	2,126.90

As at March 31, 2021	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Loans	81,065.41	-	-	7,719.72	7,719.72
Financial Liabilities					
Debt securities	70,781.61	-	74,974.64	-	74,974.64
Borrowings (other than debt securities)	73,772.94	-	-	73,772.94	73,772.94
Subordinated Liabilities	15,007.22	-	14,723.53	-	14,723.53
Off balance-sheet items					
Undrawn commitments	3,805.96	-	-	3,388.55	3,388.55

I. Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Financial assets at amortised cost

The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued Debt

The fair value of issued debt is estimated by a discounted cash flow model.

Off balance-sheet

Estimated fair values of off-balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

52. Risk Management

52.A Introduction and risk profile

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

The Company believes that effective risk management requires:

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

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

52.B Risk Management Structure

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

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

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

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

52.C Risk mitigation and risk culture

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

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

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

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

52.D Types of Risks

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

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

52.D.1 Credit Risk

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

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

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

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

Derivative financial Instruments:

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

Impairment Assessment:

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

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has derived an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS including qualitative factor of an accunt or of pool of retail loan portfolio. Accordingly, the loans are classified into various stages as follows:

Internal rating grade	Internal grading description	Stages
Performing		
High grade	0 DPD & 1to 30 DPD	Stage I
Standard grade	31 to 90 DPD	Stage II
Non-performing		
Individually impaired	90+ DPD*	Stage III

**Classified as non performing asset (NPA) as per RBI guidelines*

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

1) An unbiased and probability weighted amount that evaluates a range of possible outcomes

2) Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;

3) Time value of money

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

Significant increase in credit risk (SICR)

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

Probability of Default

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

Loss Given Default (LGD)

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

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

Exposure at Default (EAD)

The amount which the borrower will owe to the portfolio at the time of default is defined as Exposure at Default (EAD). While the drawn credit line reflects the explicit exposure for the Company, there might be variable exposure that may increase the EAD. These exposures are of the nature where the Company provides future commitments, in addition to the current credit. Therefore, the exposure will contain both on and off balance sheet values. The value of exposure is given by the following formula:

EAD = Drawn Credit Line + Credit Conversion Factor * Undrawn Credit Line + Interest Accrual for one year

Where,

Drawn Credit Line = Current outstanding amount

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

Undrawn Credit Line = Difference between the total amount which the Company has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

Forward looking adjustments

"A measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions."

To fulfil the above requirement Company has incorporated forward looking information into its measurement of ECL. The objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the requirements of unbiased, probability weighted outcomes while taking into account current conditions as well as future economic conditions. This will be achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-

Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable. Keeping in mind Ind AS requirements around obtaining reliable and supportable information, without incurring undue cost or effort- based on advice of risk committee members and economic experts and consideration of a variety of external actual and forecast information, the Company formulates base case view of the future direction of relevant economic variable as well as a representative range of other possible forecast scenario. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

Data sourcing

The Company is expected to obtain reasonable and supportable information that is available without undue cost or effort. Keeping in mind the above requirement macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters.

Probability weighted scenario creations:

To incorporate macroeconomic impact into probability-weighted, each scenario has an associated probability. In order to ensure consistency across macroeconomic models, these probabilities were calculated at an overall level for both Retail and Non-Retail portfolios, keeping in mind that though the impact of a scenario across different portfolios may differ based on endogenous factors, the probability of a scenario unfolding is purely exogenous, and hence should not vary.

(Currency:Indian rupees in million)

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationship between macro-economic variables and credit risk and credit losses.

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

Overview of modified and forborne loans:

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

	For the year ended March 31, 2022	For the year ended March 31, 2021
Amortised costs of financial assets modified during the year	**3,293.13**	5,882.67
Net modification loss	**88.07**	(156.58)

there were no previously modified financial assets for which loss allowance has changed to 12m ECL measurement during the year:

Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Chetan T. Shah & Co. ★ Chartered Accountants ★ MUMBAI

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

The following table shows the risk concentration by industry for the components of the balance sheet

As at March 31, 2022

Particulars	Central & State Government	Financial services	Agriculture	Manufacturing industry	Real estate	Service sector	Retail loans	Total
Financial assets								
Cash and cash equivalents	-	1,501.76	-	-	-	-	-	1,501.76
Bank balances other than cash and cash equivalents	-	736.58	-	-	-	-	-	736.58
Derivative financial instrument	-	148.48	-	-	-	-	-	148.48
Securities held for trading	10,085.14	99.34	-	-	-	-	-	10,184.48
Trade receivables	-	870.52	-	-	-	-	-	870.52
Loans	-	224.36	88.76	2,135.81	33,737.20	6,148.55	10,838.66	53,173.34
Investments	-	12,320.24	-	-	47,916.13	-	2,057.24	62,293.61
Other financial assets	-	824.67	-	-	-	-	-	824.67
	10,085.14	**16,725.95**	**88.76**	**2,135.81**	**81,653.33**	**6,148.55**	**12,895.90**	**1,29,733.44**

As at March 31, 2021

Particulars	Central & State Government	Financial services	Agriculture	Manufacturing industry	Real estate	Service sector	Retail loans	Total
Financial assets								
Cash and cash equivalents	-	17,587.16	-	-	-	-	-	17,587.16
Bank balances other than cash and cash equivalents	-	1,961.29	-	-	-	-	-	1,961.29
Derivative financial instrument	-	143.65	-	-	-	-	-	143.65
Securities held for trading	8,636.61	841.35	-	1,026.81	-	9.83	-	10,514.60
Trade receivables	-	2,373.86	-	41.10	-	-	-	2,414.96
Loans	-	229.10	37.47	5,442.10	46,225.00	5,450.47	23,681.27	81,065.41
Investments	-	19,690.67	-	-	35,985.44	-	-	55,676.11
Other financial assets	-	7,716.24	-	-	-	-	-	7,716.24
	8,636.61	**50,543.32**	**37.47**	**6,510.01**	**82,210.44**	**5,460.30**	**23,681.27**	**1,77,079.42**

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

(Currency: Indian rupees in million)

52.5.i Credit Risk (Contd.)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are charges over real estate properties, inventory, trade receivables, mortgages over residential properties, Securities. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The tables below shows the maximum exposure to credit risk by class of financial asset along with details on collaterals held against exposure.

	Maximum exposure to credit risk		
	As at March 31, 2022	As at March 31, 2021	Principal type of collateral
Financial Assets			
Cash and cash equivalents	**1,501.76**	17,587.16	
Bank balances other than cash and cash equivalents	**736.58**	1,961.29	
Derivative financial instruments	**148.48**	143.65	
Securities held for trading	**10,184.48**	10,514.60	The Company invest in Highly liquid Central/State Government securities, high rated Corporate Bonds and liquid Mutual fund units
Trade receivables	**870.52**	2,414.96	These are receivables mainly from Clearing houses, Group. Carrying minimum risk.
Loans			
Corporate credit	**38,021.18**	61,591.25	Equity Shares, Mutual Fund units, Land, Property, Project Receivable, etc.
Retail credit	**18,889.16**	24,751.25	Property: Office Space, Flats, Bungalow, Pent house, Row house, Commodities, Equity shares and Mutual fund units, Bonds, etc.
Investments	**62,293.61**	55,676.11	
Other financial assets	**824.67**	7,716.24	
	1,33,470.44	1,82,356.51	
Loan Commitments	**225.93**	3,805.96	Equity Shares, Mutual Fund units, Land, Property, Project Receivable, Office Space, Flats, Bungalow, Pent house, Row house Commodities.

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

52.D.1 Credit Risk (Contd.)

Collateral and other credit enhancements

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

Maximum exposure to credit risk as at March 31, 2022

	Carrying amount before ECL	Associated ECL	Carrying amount	Fair value of collateral
Financial Assets				
Loans				
Corporate Credit	828.04	243.56	584.48	957.39
Retail Credit	788.28	243.73	544.55	2,736.19
Trade Receivables	15.27	15.27	-	-
	1,631.59	**502.56**	**1,129.03**	**3,693.59**

Maximum exposure to credit risk as at March 31, 2021

	Carrying amount before ECL	Associated ECL	Carrying amount	Fair value of collateral
Financial Assets				
Loans				
Corporate Credit	5,805.29	540.92	5,264.37	8,662.01
Retail Credit	436.63	228.51	208.12	421.78
Trade Receivables	7.01	7.01	-	-
	6,248.93	**776.44**	**5,472.49**	**9,083.79**

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

52.D.2 Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances

Company has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario.

To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities and Mutual Funds. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 6-9% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Public and Private issue of Debt, Commercial paper, ECB, Sub Debt etc to maintain a healthy mix.

Liquidity Cushion:

	As at March 31, 2022	As at March 31, 2021
Liquidity cushion		
Government Debt Securities*	**10,085.14**	8,636.61
Mutual Fund Investments	-	584.98
Total Liquidity cushion	**10,085.14**	9,221.59

* Government debt securities are hypothicated against the Tri party REPO

Financing Arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting year

	As at March 31, 2022	As at March 31, 2021
Committed Lines from Banks	**3,297.17**	4,146.48

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at:

As at March 31, 2022

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Financial Assets						
Cash and cash equivalents	1,382.18	119.58	-	-		1,501.76
Bank balances other than cash and cash equivalents	-	-	734.47	2.11	-	736.58
Derivative financial instruments	-	148.48	-	-	-	148.48
Securities held for trading	-	10,085.13	99.35	-	-	10,184.48
Trade receivables	-	863.33	7.19	-	-	870.52
Loans	-	16,311.52	18,349.78	33,828.94	7,857.34	76,347.58
Investments	-	7,190.46	8,427.47	43,185.73	3,489.95	62,293.61
Other financial assets	-	735.58	-	-	89.09	824.67
Total undiscounted financial assets	**1,382.18**	**35,454.08**	**27,618.26**	**77,016.78**	**11,436.38**	**1,52,997.68**
Financial Liabilities						
Derivative financial instruments	-	618.60	-	-	-	618.60
Trade payables	-	5,754.20	-	-	-	5,754.20
Debt securities	-	4,414.12	8,064.69	47,119.42	9,980.07	69,578.30
Borrowings (other than debt securities)	-	14,342.93	17,332.22	9,645.92	-	41,321.07
Subordinated Liabilities	-	1,454.78	132.22	13,344.62	5,215.71	20,147.33
Other financial liabilities	-	588.08	458.29	396.19	272.60	1,715.16
Total undiscounted financial liabilities	-	**27,172.71**	**25,987.42**	**70,506.15**	**15,468.38**	**1,39,134.66**
Total net financial assets / (liabilities)	**1,382.18**	**8,281.37**	**1,630.84**	**6,510.63**	**(4,032.00)**	**13,773.02**

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

Current year note:
The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 8004.23 million as at March 31, 2022 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket.

As at March 31, 2021

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Financial Assets						
Cash and cash equivalents	15,086.10	2,501.06	-	-	-	17,587.16
Bank balances other than cash and cash equivalents	-	1,171.44	647.40	142.45	-	1,961.29
Derivative financial instruments	-	143.65	-	-		143.65
Securities held for trading	-	10,413.80	100.80	-	-	10,514.60
Trade receivables	-	2,414.96	-	-	-	2,414.96
Loans	-	8,293.05	21,438.90	61,471.66	12,611.88	1,03,815.49
Investments	-	-	14,616.70	41,059.41	-	55,676.11
Other financial assets	-	7,502.50	116.90	-	96.84	7,716.24
Total undiscounted financial assets	**15,086.10**	**32,440.46**	**36,920.70**	**1,02,673.52**	**12,708.72**	**1,99,829.50**
Financial Liabilities						
Derivative financial instruments	-	409.01	-	-	-	409.01
Trade payables	-	711.75	-	-	-	711.75
Debt securities	-	2,789.23	22,637.92	51,449.27	17,491.06	94,367.48
Borrowings (other than debt securities)	-	29,540.40	23,449.62	26,571.62	1,354.08	80,915.72
Subordinated Liabilities	-	561.25	525.97	11,098.90	8,388.02	20,574.14
Other financial liabilities	-	1,013.69	1,994.90	299.00	751.89	4,059.48
Total undiscounted financial liabilities	-	**35,025.33**	**48,608.41**	**89,418.79**	**27,985.05**	**2,01,037.58**
Total net financial assets / (liabilities)	**15,086.10**	**(2,584.87)**	**(11,687.71)**	**13,254.73**	**(15,276.33)**	**(1,208.08)**

Previous year note:
The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 9367.48 million as at March 31, 2021 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket.

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

As at March 31, 2022

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Undrawn committed credit lines	-	-	225.93	-	-	225.93
Estimated amount of contracts capital account	-	-	-	-	-	-
Others	-	-	2,220.00	-	-	2,220.00
	-	-	**2,445.93**	-	-	**2,445.93**

As at March 31, 2021

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Undrawn committed credit lines	-	-	3,805.96	-	-	3,805.96
Estimated amount of contracts capital account	-	-	-	-	-	-
Others	-	-	88.45	-	-	88.45
	-	-	**3,894.41**	-	-	**3,894.41**

The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

52.D.3 Market Risk

Market risk is he risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and Index movements. The company classifies exposures to market risk into either trading or non–trading portfolios and manages each of those portfolios separately. All the positions are managed and monitored using sensitivity analyses.

Total Market risk exposure

Particulars	As at March 31, 2022			As at March 31, 2021			Primary risk Sensitivity
	Carrying Amount	Traded risk	Non traded risk	Carrying Amount	Traded risk	Non traded risk	
Financial Assets							
Cash and cash equivalents	1,501.76	-	1,501.76	17,587.16	-	17,587.16	
Bank balances other than cash and cash equivalents	736.58	-	736.58	1,961.29	-	1,961.29	Interest rate risk
Derivative financial instruments	148.48	148.48	-	143.65	142.22	1.43	Price risk , Interest rate risk
Securities held for trading	10,184.48	10,184.48	-	10,514.60	10,514.60	-	Price risk , Interest rate risk
Trade receivables	870.52	-	870.52	2,414.96	-	2,414.96	
Loans	53,173.34	-	53,173.34	81,065.41	-	81,065.41	Interest rate risk
Investments	62,293.61	-	62,293.61	55,676.11	-	55,676.11	Interest rate risk
Other financial assets	824.67	-	824.67	7,716.24	-	7,716.24	Interest rate risk
Total Assets	**1,29,733.44**	**10,332.96**	**1,19,400.48**	**1,77,079.42**	**10,656.82**	**1,66,422.60**	
Financial Liabilities							
Derivative financial instruments	618.60	130.66	487.94	409.01	195.39	213.62	Price risk , Interest rate
Trade payables	5,754.20	-	5,754.20	711.75	-	711.75	
Debt securities	55,135.92	-	55,135.92	70,781.61	-	70,781.61	Interest rate risk
Borrowings (other than debt securities)	39,616.30	-	39,616.30	73,772.94	-	73,772.94	Interest rate risk
Subordinated Liabilities	15,399.31	-	15,399.31	15,007.22	-	15,007.22	Interest rate risk
Other financial liabilities	1,715.16	-	1,715.16	4,059.48	-	4,059.48	Price risk
Total Liabilities	**1,17,639.49**	**130.66**	**1,17,508.83**	**1,64,742.01**	**195.39**	**1,64,546.62**	

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS

ECL Finance Limited ★

(Currency:Indian rupees in million)

52.D. Market Risk (Contd.)

Interest Rate Risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

ALCO is the monitoring body for compliance with these limits. ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. Balance Sheet Management Unit is in-charge for day to day management of interest rate risk.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non–trading interest rate gaps for stipulated periods. The Company's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 31 March 2022 and at 31 March 2021

Interest rate sensitivity

As at March 31, 2022

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Bank Borrowings	25	(46.47)	-	25	46.47	-
Interest Rate Swaps	25	3.13	-	25	(3.13)	-
Floating rate loans	25	9.84	-	25	(9.84)	-
Government securities	25	25.21	-	25	(25.21)	-
Corporate debt securities	25	0.25	-	25	(0.25)	-

As at March 31, 2021

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Bank Borrowings	25	(104.81)	-	25	104.81	-
Interest Rate Swaps	25	(8.75)	-	25	8.75	-
Floating rate loans	25	32.63	-	25	(32.63)	-
Government securities	25	21.59	-	25	(21.59)	-
Corporate debt securities	25	0.64	-	25	(0.64)	-

Price risk

The Company's exposure to price risk arises from investments held in Equity Shares, Exchange traded futures, Mutual fund units, all classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Company diversifies its portfolio.

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

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31. 2022 (continued)

(Currency:Indian rupees in million)

As at March 31, 2022

	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments	5	(20.20)	-	5	20.20	-
Equity instruments	5	-	-	5	-	-
Interest rate futures	5	66.05	-	5	(66.05)	-
Mutual fund units	5	-	-	5	-	-

As at March 31, 2021

	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments	5	60.14	-	5	(60.14)	-
Equity instruments	5	51.83	-	5	(51.83)	-
Interest rate futures	5	(16.88)	-	5	16.88	-
Mutual fund units	5	29.25	-	5	(29.25)	-

52.D. Prepayment Risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate Loans/borrowings in the falling interest rate scenario.

If 5% of total repayable financial instruments were to prepay at the beginning of the year following the reported period, with all other variables held constant, the profit before tax for the year would be reduced by Rs 153.73 million (previous year Rs. 239.99 million)

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

Chetan T. Shah & Co MUMBAI Chartered Accountants

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

52 E. Additional Regulatory disclosure

(i) The title deed of all the immovable properties disclosed in the financial statements are held in the name of the Company.

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

(iii) The Company has been sanctioned working capital limits during the year, from banks or financial institutions on the basis of security of current assets. Quarterly return & statement filed by the Company with such banks or financial institutions are in agreement with the books of account of the company.

(iv) Relationship with Struck off Companies

Where the company has any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956, the Company shall disclose the following details, namely:-

Amount in Rs.

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as on March 31, 2022	Balance outstanding as on March 31, 2021	Relationship with the Struck off company, if any, to be disclosed
City Elevators Pvt Ltd	Payables	1,888	708	
Cleanflo India Pvt Ltd	Payables	1,984	1,984	
Emicon India Pvt Ltd	Payables	1,458	1,458	
First Care India Private Limited	Payables	354	354	

(v) Registration of charges or satisfaction with Registrar of Companies (ROC)

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

(vi) Compliance with number of layers of companies

The company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(vii) (i) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(viii) The company is not declared as a wilful defaulter by any bank or financial Institution or other lender.

(ix) Utilisation of Borrowed funds and share premium:

(A) During the year, the company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(B) During the year, the Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party(Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(x) The Company does not have any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961

(xi) The Company has not traded or invested in crypto currency or virtual currency during the financial year 2021-2022.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

53. Regulatory disclosures - RBI

Disclosure pursuant to Reserve Bank of India Circular DOR.NBFC (PD) CC. No.102/03.10.001 /2019-20 dated 4th November 2019 pertaining to Liquidity Risk Management Framework for Non-Banking Financial Companies.

Qualitative Disclosure on Liquidity Coverage Ratio (LCR)

The Liquidity Coverage Ratio (LCR) is a global minimum standard to measure the liquidity position in a stress scenario. Reserve Bank of India introduced LCR requirement for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of Rs 10,000 crore and above. LCR will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days. HQLA refers to the category of liquid assets that can be readily sold or immediately converted into cash at a little loss of value or used as collateral to obtain funds in a range of stress scenarios. LCR is calculated by dividing the stock of HQLA's by its total net cash outflow over a 30 day calendar period.

The Company has adopted the liquidity risk management framework as required under RBI guidelines. It ensures a sound and robust liquidity risk management system by maintaining sufficient liquidity through inclusion of a cushion of unencumbered, high quality liquid asset to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. The Board of Directors have delegated responsibility of balance sheet Liquidity Risk Management to the Asset

The LCR is calculated by dividing a Company's stock of HQLA by it's total net cash outflows over a 30 -day stress period. The guidelines for LCR were effective from 1st December 2020 with the minimum LCR to be 50%, progressively increasing, till reaches the required level of 100% by 1st December, 2024 as follows;

From	01-12-2020	01-12-2021	01-12-2022	01-12-2023	01-12-2024
Minimum LCR	50%	60%	70%	85%	100%

In order to determine HQLA, Company considers Cash and Bank Balances, Investment in Government Securities without any haircut. In order to determine net cash outflows, Company considers total expected cash outflow minus total expected cash inflows for the subsequent 30 calendar days. As per guidelines, stressed cash flows is to be computed by assigning a predefined stress percentage to the overall cash outflows (i.e. 115%) and cash inflows (with haircut of 25%). Net cash outflow over next 30 days is computed as stressed outflows less minimum of stressed inflows, 75% of stressed outflow. Accordingly LCR would be computed by dividing Company's stock of HQLA by it's total net cash outflow.

Cash outflow under secured wholesale funding includes contractual obligations under Term loans, NCDs. Interest payable within 30 days. Outflow under other collateral requirement, the Company considers the loans which are callable under rating downgrade trigger up to and including 3- notch downgrade. Outflow under other contractual funding obligations primarily includes outflow on account of overdrawn balances with Banks and sundry payables. In order to determine Inflows from fully performing exposures, Company considers the contractual repayments from performing advances in next 30 days. Other Cash inflows includes investments in liquid mutual funds, and other assets which are maturing within 30 days.

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

53. Regulatory disclosures - RBI (Contd.)

Quantitative Disclosure on Liquidity Coverage Ratio (LCR) for year ended 31 March 2022 is given below:

		Quarter Ended 31-Mar-22		Quarter Ended 31-Dec-21		Quarter Ended 30-Sep-21		Quarter Ended 30-Jun-21	
		Unweighted Value - average (refer note 1)	Weighted Value - average (refer note 1)	Unweighted Value - average (refer note 1)	Weighted Value - average (refer note 1)	Unweighted Value - average (refer note 1)	Weighted Value - average (refer note 1)	Unweighted Value - average (refer note 1)	Weighted Value - average (refer note 1)
High Quality Liquid Assets									
1	**Total High-Quality Liquid Assets**	**9,123.67**	**9,123.67**	**9,673.10**	**9,673.10**	**10,708.90**	**10,708.90**	**8,864.98**	**8,864.98**
(i)	Cash & Bank Balances	3,208.05	3,208.05	5,840.26	5,840.26	7,131.85	7,131.85	7,353.12	7,353.12
(ii)	Investment in Govt. Securities	5,915.62	5,915.62	3,832.84	3,832.84	3,577.05	3,577.05	1,511.86	1,511.86
Cash Outflows									
2	Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3	Unsecured wholesale funding	1,192.18	1,371.01	1,533.46	1,763.48	1,046.99	1,204.04	180.02	207.02
4	Secured wholesale funding	8,019.86	9,222.84	6,116.11	7,033.53	7,230.00	8,314.50	3,749.00	4,311.36
5	Additional requirements, of which			-	-	-	-	-	-
(i)	Outflows related to derivative exposures and other collateral requirements (refer note 2)	3,737.61	4,298.25	3,751.36	4,314.06	6,386.42	7,344.39	8,352.99	9,605.94
(ii)	Outflows related to loss of funding on debt products	16.80	19.32	-	-	-	-	-	-
(iii)	Credit and liquidity facilities (refer note 3)	283.39	325.90	352.27	405.11	294.99	339.24	433.89	498.97
6	Other contractual funding obligations	6,044.20	6,950.83	3,818.52	4,391.30	3,824.22	4,397.85	2,168.62	2,493.91
7	Other contingent funding obligations	9.74	11.20	9.74	11.20	9.74	11.20	9.74	11.20
8	**TOTAL CASH OUTFLOWS**	**19,303.78**	**22,199.35**	**15,581.46**	**17,918.68**	**18,792.36**	**21,611.22**	**14,894.25**	**17,128.39**
Cash Inflows									
9	Secured lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	4,619.23	3,464.43	1,681.00	1,260.75	2,290.53	1,717.90	-	-
11	Other cash inflows	6,699.10	5,024.32	2,444.32	1,833.24	2,772.95	2,079.71	1,958.20	1,468.65
12	**TOTAL CASH INFLOWS**	**11,318.33**	**8,488.75**	**4,125.32**	**3,093.99**	**5,063.49**	**3,797.61**	**1,958.20**	**1,468.65**
		Total Adjusted Value		**Total Adjusted Value**		**Total Adjusted Value**		**Total Adjusted Value**	
	TOTAL HQLA		**9,123.67**		**9,673.10**		**10,708.90**		**8,864.98**
	TOTAL NET CASH OUTFLOWS		**13,710.60**		**14,824.69**		**17,813.60**		**11,854.08**
	LIQUIDITY COVERAGE RATIO (%)		**67%**		**65%**		**60%**		**75%**

Notes:

1. *The average weighted and unweighted amounts are calculated taking simple averages of monthly observations for the respective quarters.*
2. *Consist of outflows related to collateral requirements where downgrade triggers up to and including 3 notches downgrade.*

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

(Currency:Indian rupees in million)

54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01,2016 as amended.

54.A Capital:

Capital to risk assets ratio (CRAR)

	As at March 31, 2022	As at March 31, 2021
CRAR (%)	**30.50%**	25.29%
CRAR - Tier I capital (%)	**16.38%**	13.70%
CRAR - Tier II Capital (%)	**14.12%**	11.59%

Perpetual Debt

	As at and for year ended March 31, 2022	As at and for year ended March 31, 2021
Amount raised by issue of perpetual debt instruments	-	-
Perpetual debt outstanding including Interest	**3,271.70**	3,272.12
Percentage of Perpetual debt to Tier I Capital:	**15.29%**	14.48%

Subordinated debt

	As at and for year ended March 31, 2022	As at and for year ended March 31, 2021
Amount of subordinated debt raised as Tier-II capital	-	-

54.B Investments

	As at March 31, 2022	As at March 31, 2021
I) Value of Investment		
Gross value of investments		
In India	**64,293.06**	60,392.49
Outside India	-	-
Provisions for depreciation / appreciation		
In India	**(1,999.45)**	(4,716.38)
Outside India	-	-
Net value of investments		
In India	**62,293.61**	55,676.11
Outside India	-	-

Please refer note no. 15.B for more details on investments

II) Movement of provisions held towards depreciation/appreciation on investments.

	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening balance	**4,716.36**	3,832.04
Add : Provisions made during the year	**173.44**	1,858.14
Less : Write-off / write-back of excess provisions during the year	**(2,890.35)**	(973.82)
Closing balance	**1,999.45**	4,716.36

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.C Derivatives

	As at March 31, 2022	As at March 31, 2021
I) Forward rate agreement / interest rate swap		
The notional principal of swap agreements	**24,650.00**	15,000.00
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	**53.61**	54.93
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps*	**100.00%**	100.00%
The fair value of the swap book	**2.27**	(7.05)

** % of concentration of credit risk arising from swaps with banks*

	As at March 31, 2022	As at March 31, 2021
II) Exchange traded interest rate (IR) derivatives		
Notional principal amount of exchange traded IR derivatives undertaken during the year	-	1,71,096.60
Notional principal amount of exchange traded IR derivatives outstanding	**0.00**	350.20
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

III) Disclosures on risk exposure in derivatives

Qualitative disclosure

The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate or foreign currency assets/liabilities and for hedging the variable interest in case of benchmark linked debentures. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.

The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored on a daily basis by the mid-office.

Quantitative disclosure

	As at March 31, 2022		As at March 31, 2021	
	Currency Derivatives	**Interest Rate Derivatives**	Currency Derivatives	Interest Rate Derivatives
Derivatives (notional principal amount)				
For hedging	-	**24,650.00**	-	15,350.20
Marked to market positions				
Assets (+)	-	**53.61**	-	54.93
Liability (-)	-	**(51.34)**	-	(61.98)
Credit exposure	-	**197.75**	-	132.50
Unhedged exposures	-	-	-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.D Disclosures relating to securitisation

The information on securitisation of the Company as an originator in respect of outstanding amount of securitized assets is given below:

	As at March 31, 2022	As at March 31, 2021
a) No. of SPVs sponsored by the NBFC for securitisation transactions	4.00	7.00
b) Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	1,531.06	3,710.25
c) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	126.60	424.18
Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
On-balance sheet exposures		
- First loss	126.60	424.18
- Others	-	-
d) Amount of exposures to securitisation transactions other than MRR	367.26	682.89
Off-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
On-balance sheet exposures		
Exposure to own securitisations		
- First loss	367.26	682.89
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

	As at March 31, 2022	As at March 31, 2021
No. of accounts	123.00	181.00
Aggregate value (net of provisions) of accounts sold to SC / RC	9,193.72	13,236.79
Aggregate consideration	9,127.55	9,992.78
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	(66.17)	(3,244.01)
Loss on sale to SC/RC during the year	(66.17)	(3,244.01)
Amount received in respect of accounts transferred in prior year	-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

		As at March 31, 2022	As at March 31, 2021
a)	No. of transactions assigned by the NBFC	**18**	12
b)	Total amount outstanding	**3,523.52**	5,324.52
c)	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	**658.73**	947.92
	Off-balance sheet exposures		
	- First loss	-	-
	- Others	-	-
	On-balance sheet exposures		
	- First loss	-	-
	- Others	**658.73**	947.92
d)	Amount of exposures to securitisation transactions other than MRR	-	-
	Off-balance sheet exposures		
	Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-
	On-balance sheet exposures		
	Exposure to own securitisations		
	- First loss	-	-
	- Others	-	-
	Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

Details of non-performing financials assets purchased from / sold to other NBFCs

	As at March 31, 2022	As at March 31, 2021
Details of non-performing financial assets purchased		
No. of accounts purchased during the year	-	-
Aggregate outstanding	-	-
Of these, number of accounts restructured during the year	-	-
Aggregate outstanding	-	-
Details of Non-performing Financial Assets sold :		
No. of accounts purchased during the year	-	-
Aggregate outstanding	-	-
Aggregate consideration received	-	-

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

(Currency:Indian rupees in million)

54.E Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2022

	Assets		Liabilities	
	Loans	Investments*	Borrowings from bank	Other borrowings
1 day to 30/31 days (One month)	1,892.10	12,810.60	1,502.76	8,536.04
Over One months to 2 months	586.60	1,025.00	3,182.80	1,320.80
Over 2 months up to 3 months	5,465.40	3,440.00	3,627.00	1,000.10
Over 3 months to 6 months	7,016.50	2,094.30	7,516.90	2,063.70
Over 6 months to 1 year	14,013.00	6,432.50	7,652.80	4,455.70
Over 1 year to 3 years	19,724.30	22,572.70	6,855.90	24,036.20
Over 3 years to 5 years	3,021.70	21,775.10	319.90	16,131.00
Over 5 years	5,190.74	3,490.00	-	21,351.00
	56,910.34	**73,640.20**	**30,658.07**	**78,894.53**

**Investments also include securities held for trading and Investment in property*

The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 8004.23 million as at March 31, 2022 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket.

Maturity pattern of certain items of assets and liabilities as at March 31, 2021

	Assets		Liabilities	
	Loans	Investments*	Borrowings from bank	Other borrowings
1 day to 30/31 days (One month)	841.50	10,258.20	5,806.20	13,035.60
Over One months to 2 months	1,130.60	-	1,627.80	1,892.20
Over 2 months up to 3 months	1,686.70	155.50	3,148.40	1,449.40
Over 3 months to 6 months	5,208.00	5,407.30	7,292.70	8,571.60
Over 6 months to 1 year	15,559.90	8,148.20	13,656.70	13,603.80
Over 1 year to 3 years	38,705.50	21,119.40	19,445.50	27,056.40
Over 3 years to 5 years	7,766.00	21,102.11	1,799.60	11,073.70
Over 5 years	15,444.30	-	1,132.40	28,969.77
	86,342.50	**66,190.71**	**53,909.30**	**1,05,652.47**

**Investments also include securities held for trading and Investment in property*

The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 9367.48 million as at March 31, 2021 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket.

Chetan T. Shah & Co. ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.F Exposures

Exposure to real estate sector

	As at March 31, 2022	As at March 31, 2020
a) Direct exposure		
Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:(Individual housing loans up to Rs.15 lakhs may be shown separately)	**3,159.10**	4,877.02
Commercial real estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure includes non-fund based (NFB) limits.	**40,701.86**	56,033.28
Investments in mortgage backed securities (MBS) and other securitised exposures -		
- Residential	-	-
- Commercial Real Estate	**40,566.37**	35,985.44
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
c) Others	-	-

Exposure to capital market

	As at March 31, 2022	As at March 31, 2021
a) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	1,036.64
b) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	**787.08**	1,713.74
c) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	**5,464.39**	13,111.73
d) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	-	-
e) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	0.50
f) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on+D351 clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
g) bridge loans to companies against expected equity flows / issues	-	-
h) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
i) others (not covered above)	**4,250.40**	4,971.37

54.G Details of financing of parent company products:

Details of financing of parent company products: Nil (Previous year : Nil)

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

54.H Details of single borrower limit and borrower group limit exceeded by the Company:

During the year ended 31 March 2022 , the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI, except exposure to below entities

Azeem Infinite Dwelling India Private Limited
Heet Builders Private Limited
Man Vastucon LLP

The above loans and investments were disbursed / invested within in the limit of Single Borrower Limit (SBL) and Group Borrower Limit (GBL) as defined in RBI Master Direction 'DNBR. PD. 008/03.10.119/2016-17 Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 1, 2016 as amended, However due to losses incurred by the company during the financial year ended March 31, 2020, the Company witnessed significant reduction in its net-worth/ owned funds. This reduction in owned funds has led to passive SBL and GBL limit breach during the current year. The Company is in process of exploring options such as discussion with borrower, sell down opportunities etc., to bring down the exposures of above borrowers within applicable limit.

During the year ended 31 March 2021 , the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI, except exposure to below entities

GMR Enterprises Private Limited
Azeem Infinite Dwelling India Private Limited
Ecstasy Realty Private Limited

54.I Registration obtained from other financial sector regulators - None

54.J Disclosure of penalties imposed by RBI and other regulators- NIL in respect of penalty for securities pay in shortage (Previous year - Rs. NIL)

54.K Related party transactions

All Material transactions with related parties are reflected in Note 49

54.L Details of transaction with non executive directors

Name of Director	Nature	For the year ended March 31, 2022	For the year ended March 31, 2021
PN Venkatachalam	Sitting Fees	**0.40**	0.44
Biswamohan Mahapatra	Sitting Fees	**0.40**	0.44
Kunnasagaran Chinniah	Sitting Fees	**0.30**	0.12

54.M Provisions and contingencies

	As at March 31, 2022	As at March 31, 2021
Breakup of provisions and contingencies shown under the head other expenses in the statement of profit and loss		
Provisions for depreciation/(appreciation) on Investment	**2,863.53**	(929.73)
Provision towards Stage 3	**(282.14)**	75.05
Provision made towards Income tax	**-**	(557.59)
Provision for Stage 1/Stage 2 Assets including restructured and others	**(1,257.94)**	(3,993.97)
Other Provision and Contingencies		
Provision for credit loss on securitisation	**-**	(0.07)
Provision towards ECL on trade receivables	**1.39**	(13.11)

54.N Draw down from reserves

The Company has drawn Rs. 1728.96 million (previous year 1101.48) from the debenture redemption reserve and transferred to retained earnings on redemption of debentures till March 31, 2022. Further, pursuant to amendments in the Companies Act, 2013, debenture redemption reserve is not required to be created for the debentures issued by Non-Banking Finance Companies by Reserve Bank of India.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.O Concentration of deposits, advances, exposures and stage 3 assets

	As at March 31, 2022	As at March 31, 2021
Concentration of advances		
Total Advances to twenty largest borrowers	**35,411.77**	43,262.52
% of Advances to twenty largest borrowers to Total Advances	**62.22%**	50.11%
Concentration of exposures		
Total Exposures to twenty largest borrowers / Customers	**35,481.49**	44,354.64
% of Exposures to twenty largest borrowers / Customers to Total Advances	**61.76%**	49.20%
Concentration of stage 3		
Total Exposures to top Four Stage 3 Assets	**835.37**	5,805.29

Sector-wise Stage 3 Assets	% of Stage 3 assets to Total Advances in that sector	
Sectors	**March 31, 2022**	March 31, 2021
Agriculture & allied activities	**19.70%**	28.58%
MSME	**10.42%**	1.39%
Corporate borrowers	**2.21%**	10.35%
Services	**1.65%**	0.00%
Unsecured loans	**4.92%**	0.00%
Auto loans	**0.00%**	0.00%
Other loans	**3.79%**	4.74%

Other loans represents retail loans

54.P Movement of Stage 3 assets

The following table sets forth, for the periods indicated, the details of movement of Stage 3 assets, Stage 3 assets net of stage 3 provision net and Stage 3 provision

	As at March 31, 2022	As at March 31, 2021
Stage 3 assets net of stage 3 provision to net advances (%)	**2.00%**	6.40%
Movement of Stage 3 assets		
Opening balance	**6,241.92**	5,128.47
Additions during the year	**3,910.77**	14,523.67
Reductions during the year*	**(8,536.37)**	(13,410.22)
Closing balance	**1,616.32**	6,241.92
Movement of Stage 3 net of stage 3 provisions		
Opening balance	**5,472.49**	4,434.09
Additions during the year	**3,956.23**	12,745.99
Reductions during the year	**(8,299.69)**	(11,707.59)
Closing balance	**1,129.03**	5,472.49
Movement of stage 3 provisions *(excluding provision on Stage 1/Stage 2)*		
Opening Balance	**769.43**	694.38
Additions during the year	**(45.46)**	1,777.68
Reductions during the year	**(236.68)**	(1,702.63)
Closing balance	**487.29**	769.43

**Includes Stage 3 assets written off during the year Rs 346.96 million (Previous year: Rs 642.82 million)*

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.Q Overseas assets - Nil (Previous year - nil)

54.R Off-balance sheet SPV sponsored - Nil (previous year - Nil)

54.S Customer complaints

	For the year ended March 31, 2022	For the year ended March 31, 2021
No. of complaints pending at the beginning of the year	**2.00**	8.00
No. of complaints received during the year	**204.00**	257.00
No. of complaints redressed during the year	**206.00**	263.00
No. of complaints pending at the end of the year	**-**	2.00

ECL Finance Limited

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.T Rating assigned by credit rating agencies

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01,2016 as amended.

	CRISIL		ICRA		CARE		Brickworks		Acute	
As at March 31, 2022	**Rating**	**Amount**	**Rating**	**Amount**	**Rating**	**Amount**	**Rating**	**Amount**	**Rating**	**Amount**
Long Term Instruments	CRISIL AA- /Negative	1,88,623.80	[ICRA] A+/ Negative	2,32,680.70	CARE A+/ Stable	1,70,009.70	BWR AA- and A+/Stable	8,000.00	ACUITE AA- and AA/Negative	7,000.00
Short term instruments	CRISIL A1+	35,000.00	-	-	CARE A1+	40,000.00	-	-	-	-
Market linked debentures Short term	-	-	-	-	-	-	-	-	-	-
Long Term	CRISIL PP-MLD AA-r/Negative	3,606.10	PP-MLD [ICRA]A+/ Negative	2,561.80	CARE PP-MLD A+/ Stable	965.80	BWR PP-MLD AA- /Stable	20.00	-	-

	CRISIL		ICRA		CARE		Brickworks		Acute	
as at March 31, 2021	**Rating**	**Amount**	**Rating**	**Amount**	**Rating**	**Amount**	**Rating**	**Amount**	**Rating**	**Amount**
Long Term Instruments	CRISIL AA- /Negative	2,65,050.00	[ICRA] A+/Negative	2,36,465.00	CARE A+/stable	1,71,874.90	BWR A+/stable, BWR AA-/stable	14,000.00	ACUITE AA- /negative	9,000.00
Short term instruments	CRISIL A1+	1,10,000.00	-	-	CARE A1+	40,000.00	-	-	-	-
Market linked debentures										
Short term	CRISIL PP- MLD A1+r	12,000.00	-	-	-	-	-	-	-	-
Long Term	CRISIL PP-MLD AA-r/Negative	24,905.50	PP-MLD [ICRA]A+/Negative	2,867.20	CARE PP-MLD A+/Stable	1,019.80	BWR PP-MLD AA- /stable	1,500.00	-	-
									-	-

54.U Note to the Balance Sheet of a non-banking financial company as required in terms of Chapter II paragraph 5 of Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016 - Nil

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.V (i) Disclosure of Restructured Accounts

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

Disclosure of Restructured Accounts for the year ended March 31, 2022

Sl No	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
	Details																					
1	Restructured accounts as on 1st April, 2021 (Opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	387	8	-	-	395	387	8	-	-	395
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2,273.94	2,755.53	-	-	5,029.46	2,273.94	2,755.53	-	-	5,029.46
		Provision thereon	-	-	-	-	-	-	-	-	-	-	329.73	93.83	-	-	423.57	329.73	93.83	-	-	423.57
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	228	2	-	-	230	228	2	-	-	230
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2,826.49	1.65	-	-	2,828.15	2,826.49	1.65	-	-	2,828.15
		Provision thereon	-	-	-	-	-	-	-	-	-	-	489.75	1.38	-	-	491.13	489.75	1.38	-	-	491.13
3	Upgradations of restructured accounts to Standard category*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	2	(2)	-	-	-	2	(2)	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2,718.53	(2,718.53)	-	-	-	2,718.53	(2,718.53)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	87.74	(87.74)	-	-	-	87.74	(87.74)	-	-	-
4	Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year**	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(30)	(1.00)	-	-	(31)	(30)	(1)	-	-	(31)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(3,140.06)	(25.89)	-	-	(3,165.95)	(3,140.06)	(25.89)	-	-	(3,165.95)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(247.63)	15.49	-	-	(232.14)	(247.63)	15.49	-	-	(232.14)
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(86)	86	-	-	-	(86)	86	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(128.04)	128.04	-	-	-	(128.04)	128.04	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(26.83)	26.83	-	-	-	(26.83)	26.83	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(159)	(7)	-	-	(166)	(159)	(7)	-	-	(166)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(72.38)	(2.43)	-	-	(74.81)	(72.38)	(2.43)	-	-	(74.81)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(49.21)	(2.03)	-	-	(51.24)	(49.21)	(2.03)	-	-	(51.24)
7	Restructured accounts as on 31st Mar, 2022 (Closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	342	86	-	-	428	342	86	-	-	428
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	4,478.48	138.37	-	-	4,616.85	4,478.48	138.37	-	-	4,616.85
		Provision thereon	-	-	-	-	-	-	-	-	-	-	583.56	47.76	-	-	631.32	583.56	47.76	-	-	631.32

Note

*includes recovery made during the year from the Sub-standard restructure accounts.

**includes recovery made during the year from the standard restructure accounts.

54.V (ii) Micro Small and Medium Enterprises (MSME) sector - Restructuring of advances

The Company has restructured the accounts as per RBI circular DBR. No. BP. BC. 100/21.04.048/ 2017-18 dated February 7, 2018, DBR. No. BP. BC. 108 21.04.048/2017-18 dated June 06 ,2018 , circular DBR. No. BP. BC. 18/21.04.048 2018-19 dated January 01, 2019, circular DOR. No. BP. BC. 34/21.04.048 2019-20 dated February 11, 2020 and DOR. No. BP. BC 4/21 04.048 2020-21 dated August 6, 2020

Type of borrower	No. of accounts restructured	Amount
MSME	272	869.10

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

Disclosure of Restructured Accounts for the year ended March 31, 2021

	Type of Restructuring		Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
Sl No	Asset Classification		Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
	Details																					
1	Restructured accounts as on 1st April, 2019 (Opening figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	5	8	-	-	13	5	8	-	-	13
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	67.21	9.02	-	-	76.23	67.21	9.02	-	-	76.23
		Provision thereon	-	-	-	-	-	-	-	-	-	-	8.42	7.73	-	-	16.15	8.42	7.73	-	-	16.15
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	403	1	-	-	404	403.00	1	-	-	404
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2,205.60	2,750.00	-	-	4,955.60	2,205.60	2,750.00	-	-	4,955.60
		Provision thereon	-	-	-	-	-	-	-	-	-	-	327.90	87.33	-	-	415.23	327.90	87.33	-	-	415.23
3	Upgradations of restructured accounts to Standard category*	No. of borrowers	-	-	-	-	-	-	-	-	-	-	1	(1)	-	-	-	1	(1)	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	1.07	(1.07)	-	-	-	1.07	(1.07)	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	0.92	(0.92)	-	-	-	0.92	(0.92)	-	-	-
4	Restructured advances which ceases to attract higher provisioning and/ or additional risk weight at the end of the financial year and hence need not be shown as restructured standard advances at the beginning of the next financial year**	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(8)	-	-	-	(8)	(8.00)	-	-	-	(8)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	38.66	(31.83)	-	-	6.83	38.66	(31.83)	-	-	6.83
		Provision thereon	-	-	-	-	-	-		-	-	-	(1.66)	(0.05)	-	-	(1.71)	(1.66)	(0.05)	-	-	(1.71)
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(6)	6	-	-	-	-6	6	-	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(36.53)	36.53	-	-	-	(36.53)	36.53	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(5.85)	5.85	-	-	-	(5.85)	5.85	-	-	-
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	-	(8)	(6)	-	-	(14)	(8)	(6)	-	-	(14)
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	(2.07)	(7.12)	-	-	(9.19)	(2.07)	(7.12)	-	-	(9.19)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	(6.10)	-	-	(6.10)	-	(6.10)	-	-	(6.10)
7	Restructured accounts as on 31st Mar, 2021 (Closing figures)	No. of borrowers	-	-	-	-	-	-	-	-	-	-	387	8	-	-	395	387	8	-	-	395
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	2,273.94	2,755.53	-	-	5,029.46	2,273.94	2,755.53	-	-	5,029.46
		Provision thereon	-	-	-	-	-	-	-	-	-	-	329.73	93.83	-	-	423.57	329.73	93.83	-	-	423.57

Note :
*includes recovery made during the year from the Sub-standard restructure accounts.
**includes recovery made during the year from the standard restructure accounts.

Micro, Small and Medium Enterprises (MSME) sector - Restructuring of advances
The Company has restructured the accounts as per RBI circular DBR. No. BP. BC. 100/21.04.048/ 2017-18 dated February 7, 2018, DBR. No. BP. BC 108/21.04.048/2017-18 dated June 06 ,2018 , circular DBR. No. BP. BC. 18/21.04.048 2018-19 dated January 01, 2019, circular DOR. No. BP. BC. 34/21.04.048 2019-20 dated February 11, 2020 and DOR. No. BP. BC /4/21.04.048 2020-21 dated August 6, 2020

Type of borrower	No. of accounts restructured	Amount
MSME	213	834.66

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.W Schedule to the Balance Sheet

As required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01.2016 as amended.

	As at March 31, 2022		As at March 31, 2021	
	Amount outstanding	Amount Overdue	Amount outstanding	Amount Overdue
1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :				
a) Debentures (other than those falling within the meaning of Public deposit)				
i) Secured	**43,041.40**	-	61,191.61	-
ii) Unsecured	**24,997.26**	-	24,597.22	-
b) Deferred Credits	-	-	-	-
c) Term Loans (Bank and Other parties)	**25,429.86**	-	49,495.65	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	**2,496.57**	-	-	-
f) Public Deposits	-	-	-	-
g) Other Loans (specify nature)				
i) Working Capital Demand Loan	**6,830.00**	-	6,900.00	-
ii) Bank Overdraft	**1,174.23**	-	2,467.48	-
iii) CBLO Borrowings	**4,511.54**	-	8,103.90	-
iv) Loan from related parties	**1,070.67**	-	6,805.91	-

	Amount Outstanding	
	As at March 31, 2022	As at March 31, 2021
2. Break up of Loans and Advances including bills receivables		
i) Secured	**51,006.80**	77,153.46
ii) Unsecured	**5,903.54**	9,189.04
3. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	**NA**	NA
a) Lease assets including lease rentals under sundry debtors:		
i) Financial Lease	-	-
ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
i) Assets on hire	-	-
ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
i) Loans where assets have been repossessed	-	-
ii) Other loans	-	-
4. Break up of Investments (including securities held for trading)		
a) Current Investment - Quoted		
i) Shares		
Equity	-	1,036.64
Preference Shares	-	-
ii) Debentures and Bonds	**99.34**	256.33
iii) Units of Mutual Funds	-	584 98
iv) Government Securities	**10,085.14**	8,636.61
v) Others	-	-
a) Current Investment - Unquoted		
i) Shares		
Equity	-	-
Preference Shares	-	-
ii) Debentures and Bonds	-	-
iii) Units of Mutual Funds	-	0.43
iv) Government Securities	-	-
v) Others	-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

	Amount Outstanding	
	As at March 31, 2022	As at March 31, 2021
4. Break up of Investments (including securities held for trading) (Contd.)		
a) Long term Investment - Quoted		
i) Shares		
Equity	-	-
Preference Shares	-	-
ii) Debentures and Bonds	-	-
iii) Units of Mutual Funds	-	-
iv) Government Securities	-	-
v) Others	-	-
a) Long term Investment - Unquoted		
i) Shares		
Equity	-	-
Preference Shares	**872.13**	797.16
ii) Debentures and Bonds	-	-
iii) Units of Mutual Funds		
iv) Government Securities		
v) Others		
- Investments in security receipts of trusts	**51,169.30**	46,634.62
- Investment in Units of AIF	**10,252.18**	8,243.90

5. Borrower group-wise classification of assets financed as in (2) and (3) above as at March 31, 2022

	Amount net of provisions		
	Secured	Unsecured	Total
a) Related Parties			
Subsidiaries	-	-	-
Companies in the same group	-	-	-
b) Other than related parties	47,785.99	5,387.35	53,173.34

Borrower group-wise classification of assets financed as in (2) and (3) above as at March 31, 2021

	Amount net of provisions		
	Secured	Unsecured	Total
a) Related Parties			
Subsidiaries	-	-	-
Companies in the same group	-	-	-
b) Other than related parties	72,381.91	8,683.50	81,065.41

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

6. Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

	As at March 31, 2022		As at March 31, 2021	
	Market Value/ Fair Value	**Book Value (Net of provision)**	Market Value/ Fair Value	Book Value (Net of provision)
a) Related Parties				
Subsidiaries	-	-	-	-
Companies in the same group	963.66	963.66	1,045.64	1,045.64
Other related parties	-	-	-	-
b) Other than related parties	71,514.43	71,514.43	65,145.03	65,145.03

7. Other Information

	Amount Outstanding	
	As at March 31, 2022	As at March 31, 2021
a) Stage 3 assets		
i) Related Parties	-	-
ii) Other than related parties	1,616.32	6,241.92
b) Stage 3 assets net of stage 3 provision		
i) Related Parties	-	-
ii) Other than related parties	1,129.03	5,472.49
c) Assets acquired in satisfaction of debt	-	-

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

54.X Prudential Floor for ECL

As required in terms of paragraph 2 of circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 - Non-Banking Financial Company - Implementation of Indian Accounting Standards.

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
A	B	C	D	E = C - D	F	G = D - F
Performing Assets						
Standard	Stage 1	20,616.48	332.35	20,284.13	80.21	252.14
	Stage 2	34,677.55	2,917.36	31,760.19	535.77	2,381.59
Total Performing Assets		**55,294.03**	**3,249.71**	**52,044.32**	**615.98**	**2,633.73**
Non Performing Assets (NPA)						
Substandard	Stage 3	1,535.43	475.39	1,060.04	251.92	223.47
Doubtful - up to 1 year	Stage 3	74.24	10.91	63.33	30.36	(19.45)
1 to 3 years	Stage 3	2.66	0.29	2.37	1.40	(1.11)
More than 3 years	Stage 3	3.98	0.70	3.28	2.80	(2.10)
Total Doubtful						
Loss Assets	Stage 3	-	-	-	-	-
Total Non Performing Assets (NPA)		**1,616.31**	**487.29**	**1,129.02**	**286.48**	**200.81**
Other items such as guarantees, loan commitments, etc.which are in the scope of Ind AS 109 but not covered under IRACP	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	20,616.48	332.35	20,284.13	80.21	252.14
	Stage 2	34,677.56	2,917.36	31,760.20	535.77	2,381.59
	Stage 3	1,616.30	487.29	1,129.01	286.48	200.81
Total Loan Book		**56,910.34**	**3,737.00**	**53,173.34**	**902.46**	**2,834.54**

Chetan T. Shah & Co. ★ Chartered Accountants ★ MUMBAI

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance

(Currency:Indian rupees in million)

54.Y Disclosure on liquidity risk

As required in terms of paragraph 3 of RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

a) Funding Concentration based on significant counterparty (both deposits and borrowings)

	As at March 31, 2022
Number of significant counterparties*	16
Amount of borrowings from significant counterparties	74,653.23
% of Total deposits	NA
% of Total liabilities**	63.34%

** "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI'*

*** "Total liabilities " refers to the aggregate of financial liabilities and non-financial liabilities.*

b) Top 20 large deposits

The Company being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India, does not accept public deposits.

c) Top 10 Borrowings

	As at March 31, 2022
Amount of Borrowings from top 10 lenders	62,068.41
% of Total Borrowings	56.66%

d) Funding Concentration based on significant instrument/product*

	As at March 31, 2022	
	Amount	% of Total Liabilities**
Debentures		
Non Convertible	58,588.47	49.71%
Compulsory Convertible	9,450.18	8.02%
Bank Borrowings		
Term Loans	25,429.86	21.58%
Working Capital Demand Loan	6,830.00	5.79%
Other Borrowings		
Commercial Papers	2,496.57	2.12%
TriParty Repo	4,511.54	3.83%

** "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's borrowings*

*** "Total liabilities " refers to the aggregate of financial liabilities and non-financial liabilities.*

Chetan T. Shah & Co ★ MUMBAI ★ Chartered Accountants

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

e) Stock Ratios

	As at March 31, 2022
Commercial papers as a % of total public funds	2.28%
Commercial papers as a % of total liabilities	2.12%
Commercial papers as a % of total assets	1.74%
Non-convertible debentures as a % of total public funds	NA
Non-convertible debentures as a % of total liabilities	NA
Non-convertible debentures as a % of total assets	NA
Other short-term liabilities, if any as a % of total public funds*	14.68%
Other short-term liabilities, if any as a % of total liabilities**	13.65%
Other short-term liabilities, if any as a % of total assets	11.21%

"Total public funds" refers to the aggregate of Debt securities, borrowings other than debt securities and
*** "Total liabilities " refers to the aggregate of financial liabilities and non-financial liabilities.*

f) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee and the Risk Management Committee.

- The Asset Liability Management Committee, inter alia

a. Review of macro-economic scenario, impact of industry and regulatory changes monitoring the asset liability gap.

b. Strategizing action to mitigate liquidity and other risks associated with the asset liability gap. Review and suggest corrective actions on liquidity mismatch, negative gaps and interest rate sensitivities. Formulate a contingency funding plan (CFP) for responding to severe disruptions and develop alternate strategies as deemed appropriate, which take into account changes in:

i. Interest rate levels and trends
ii. Loan products and related markets
iii. Monetary and fiscal policy

c. Articulating and monitoring liquidity risk tolerance that is appropriate for its business strategy and its role in the financial system, and verifying adherence to various risk parameters and prudential limits.

d. Implementation of liquidity risk management strategy of the Company and reviewing the risk monitoring system.

e. Ensure that credit exposure to any one group does not exceed the internally set limits as well as statutory limits set by RBI.

f. Decide the strategy on the source, tenor and mix of assets & liabilities, in line with its business plans, taking into account the future direction of interest rates. Establish a funding strategy that provides effective diversification in the sources and tenor of funding. Consider product pricing for advances, desired maturity profile and mix of the incremental assets and liabilities, prevailing interest rates offered by peer NBFCs for similar services/products, etc. Discuss and report on the impact of major funding shifts and changes in overall investment and lending strategies.

g. Endeavour to develop a process to quantify liquidity costs, benefits & risk in the internal product pricing.

h. Review behavioural assumptions and validate models for study of assets & liabilities in preparation of Liquidity and Interest Rate Sensitivity Statements and ALM analysis.

i. Review stress test scenarios including the assumptions and results.

j. Review and approve the capital allocation methodology.

k. Analyse and deliberate at meetings, issues involving interest rate and liquidity risk, including capital allocation, liquidity cost, off balance sheet exposures, contingent liabilities, management of collateral position and intra-group transfers.

l. Review the results of and progress in implementation of the decisions made in the previous meetings. Report the minutes of its meeting to the Board of Directors on quarterly basis.

m. Formulate ALM policy for the Company; and

n. In respect of liquidity risk oversight would include, inter alia, decision on desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding, the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity positions of the Company.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

(Currency:Indian rupees in million)

- The Risk Management Committee, inter alia

a. Identifying, measuring and monitoring the various risks faced by the Company;
b. Mitigating various risks associated with functioning of the Company through Integrated Risk Management Systems, Strategies and Mechanisms;
c. To deal with issues relating to credit policies and procedure and manage the credit risk, operational risk, management of policies and process;
d. To assist in developing the Policies and verifying the Models that are used for risk measurement from time to time;

e. To have oversight over implementation of risk and related policies;
f. Promoting an enterprise risk management competence throughout the organisation, including facilitating development of IT-related enterprise risk management expertise; and

g. Establishing a common risk management language that includes measures around likelihood and impact and risk categories

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

54.Z Covid-19 pandemic

The uncertainty on account of COVID-19 outbreak continues to have adverse effect across the world economy including India. However, recent results from the industry is showing signs of revival signalling a return in economic growth. The impact of the COVID-19 pandemic, on Company's results, including gain/loss on fair value changes, investment, remains uncertain and dependent on actual visibility of growth over coming quarters and steps taken by the government and other regulators to mitigate the economic impact and foster speedier growth. Further, the Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various financial support from banks and other fundraising opportunities in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. In assessing the recoverability of loans, receivables, deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial results. Since the situation continue to evolve, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor material changes in markets and future economic conditions.

54.AA Details of Resolution plan implemented under the Resolution Framework for COVID-19 related stress as per circular dated August 6, 2020.

Format B - For the half year ended March 31, 2022

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the September 30, 2021 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year ended March 31, 2022	Of (A) amount paid by the borrowers during the half-year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at March 31, 2022
Personal Loans	270.68	6.76	2.91	236.91	33.91
Corporate persons*	1,263.36	-	-	913.05	350.31
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	1,534.04	6.76	2.91	1,149.96	384.22

54.AB Disclosures pursuant to RBI Notification - RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021.

(a) Details of transfer through assignment in respect of loans not in default during the year ended March 31, 2022.

Particulars	Year Ended March 31, 2022
Count or Loan accounts Assigned	106
Amount of Loan account Assigned (₹ in million)	1,143.92
Retention of beneficial economic interest (MRR)	10%
Weighted Average Maturity (Residual Maturity) (in years)	5.50
Weighted Average Holding Period (in years)	3.03
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated

(b) (i) Details of stressed loans transferred during the year ended March 31, 2022.

Particulars	To ARCs
	Year Ended March 31, 2022
Number of accounts	123
Aggregate principal outstanding of loans transferred (₹ in million) *	13,844.86
Weighted average residual tenor of the loans transferred (in years)	1.48
Net book value of loans transferred (at the time of transfer) (₹ in million)	9,193.72
Aggregate consideration (₹ in million)	9,127.55
Additional consideration realized in respect of accounts transferred in earlier years	-

** includes interest accrued, penal interest & other charges due from borrower as included in the sale agreement.*

(b) (ii) The Company has not acquired any stressed loan during the year ended March 31, 2022.

54.AC Pursuant to the RBI circular dated November 12, 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", we have aligned our NPA assessment methodology as per the new norms. The company has considered impact of such alignment on the financial results for the quarter and year ended March 31, 2022.

Chetan T. Shah & Co. MUMBAI Chartered Accountants

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

ECL Finance Limited

Notes to the financial statement for the year ended March 31. 2022 (continued)

(Currency:Indian rupees in million)

55. Other Disclosures

55.A Initial Disclosure under SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 on Large corporates

Particulars	Details
Name of the Company	ECL Finance Limited
CIN	U65990MH2005PLC154854
Outstanding borrowing of company as on 31st March 2022	Rs. 1,09,551.53 millions
Highest Credit Rating During the previous FY along name of the Credit Rating Agency	CRISIL AA-, ICRA A+, CARE A+, BWR AA-, ACUITE AA-
Name of stock Exchange# in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

We confirm that we are a large Corporate as per the applicability criteria given under the SEBI circular SEBI / HO/ DDHS / CIR/ P / 2018 /144 dated November 26, 2018.

55.B Details of incremental borrowings during the year ended March 31, 2022

Particulars	Details
Incremental borrowing done in FY **(a)**	-
Mandatory borrowing to be done through issuance of debt securities **(b) = (25% of a)**	-
Actual borrowings done through debt securities in FY **(c)**	-
Shortfall in the mandatory borrowing through debt securities, if any **(d) = (b) - (c)** {If the calculated value is zero or negative, write "nil"}	Nil
Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

55.C The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

55.D There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2022.

Chetan T. Shah & Co ★ Chartered Accountants ★ MUMBAI

V. C. SHAH & CO. ★ CHARTERED ACCOUNTANTS ★

ECL Finance Limited ★

ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2022 (continued)

(Currency:Indian rupees in million)

56 Figures for the previous year have been regrouped/ reclassified wherever necessary to conform to current year presentation.

The accompanying notes are an integral part of the financial statements
As per our report of even date attached.

For Chetan T. Shah & Co.
Chartered Accountants
ICAI Firms Registration Number: 116652W

09/5/22

Chetan T. Shah
Partner
Membership No: 101828

For V. C. Shah & Co.
Chartered Accountants
ICAI Firms Registration Number: 109818W

Viral J. Shah
Partner
Membership No: 110120

Mumbai May 09, 2022

For and on behalf of the Board of Directors

Deepak Mittal
Vice chairman (Executive)
DIN : 00010337

Subramanian Ranganathan
Managing Director
DIN:00125493

Phanindranath Kakarla
Chief Financial Officer

Kashmira Mathew
Company Secretary
Membership No: ACS-11833

Mumbai May 09, 2022

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

ECL Finance Limited

Chetan T. Shah & Co. MUMBAI Chartered Accountants