

DISCLOSURE UNDER LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NBFC-JUNE 30, 2024

Public disclosure on Liquidity Risk Management Framework of ECL Finance Limited (the Company) as on June 30, 2024, in accordance with RBI circular no. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 dated October 19, 2023 (updated as on March 21, 2024).

(i) Funding Concentration based on significant counterparty (both deposits and borrowings)

(As on June 30, 2024)

| Sr. No | Number of Significant Counterparties* | Amount (₹ crore) | % Of Total Deposits | % Of Total liabilities** |
|--------|---------------------------------------|------------------|---------------------|--------------------------|
| 1 | 9 | 4,827.87 | NA | 62.54% |

* "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDSI's total liabilities.

** "Total liabilities" refers to total external liabilities (i.e., excluding total equity).

(ii) Top 20 large deposits (amount in ₹ crore and % of total deposits)

The Company is a non-deposit taking NBFC registered with Reserve Bank of India, hence not applicable.

(iii) Top 10 borrowings (amount in ₹ crore and % of total borrowings)

(As on June 30, 2024)

| Amount (₹ crore) of Borrowings from Top 10 Lenders | % Of Total Borrowings |
|--|-----------------------|
| 4,903.87 | 73.52% |

(iv) Funding Concentration based on significant instrument/product*

(As on June 30, 2024)

| Sr.No | Name of the Instrument/Product | Amount(₹crore) | % of Total Liabilities** |
|-------|-----------------------------------|----------------|--------------------------|
| 1 | Market Borrowings | | |
| | Non-Convertible Debentures | 3,075.20 | 39.84% |
| | Triparty REPO | 2,321.73 | 30.08% |
| | Compulsory Convertible Debentures | - | - |
| | Commercial Papers | 148.19 | 1.92% |
| 2 | Other Borrowings | | |
| | Term Loans | 670.71 | 8.69% |
| | Working Capital Demand Loan | 400.00 | 5.18% |
| | Cash Credit | 54.63 | 0.71% |

* "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's total liabilities.

** "Total liabilities" refers to total external liabilities (i.e. excluding total equity).

(v) Stock Ratios:

| Sr. No | Particulars | As on June 30, 2024 |
|--------|--|---------------------|
| 1 | Commercial papers as a % of total public funds* | 2.22% |
| 2 | Commercial papers as a % of total liabilities | 1.92% |
| 3 | Commercial papers as a % of total assets | 1.40% |
| 4 | Non-convertible debentures (original maturity of less than one year) as a % of total public funds* | 0.00% |
| 5 | Non-convertible debentures (original maturity of less than one year) as a % of total liabilities | 0.00% |
| 6 | Non-convertible debentures (original maturity of less than one year) as a % of total assets | 0.00% |
| 7 | Other Short-term liabilities**, if any as a % of total public funds* | 6.82% |
| 8 | Other Short-term liabilities**, if any as a % of total liabilities | 5.89% |
| 9 | Other Short-term liabilities**, if any as a % of total assets | 4.30% |

* "Total public funds" refers to the aggregate of Debt securities, Borrowing other than debt securities and Subordinated liabilities.

** "Other Short-term liabilities" refers to the borrowing of short term in nature excluding Tri party REPO.

(vi) 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 (ALCO)/ Risk Management Committee, inter alia –

Implement and administer guidelines on Asset-Liability Management approved by the board and revisions, if any;

Monitor the asset liability gap and overcome the asset-liability mismatches, interest risk exposure, etc.; strategize action to mitigate risk associated with the asset liability gap;

Develop risk policies and procedures and verify adherence to various risk parameters and prudential limits; review the risk monitoring system and ensure effective risk management; and

The Company has a contingency funding plan in place to ensure various liquidity parameters are defined and tracked regularly. ALCO is provided with update on expected liquidity position in normal as well as stress scenario.

The Company has ensured maintenance of a adequate liquidity in the form of mutual funds and liquid fixed deposits with banks, etc. These assets carry minimal credit risk and can be liquidated in a very short period of time. A comfortable liquidity cushion is maintained as a % of total outstanding borrowings. These would 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.

Disclosure on Liquidity Coverage Ratio (LCR)

Background:

RBI has issued final guidelines on Liquidity Risk Management Framework for Non-Banking Financial Companies on November 04, 2019. As per the said guidelines, LCR requirement shall be binding on all non-deposit taking systemically important NBFCs with asset size of ₹ 10,000 crore and above from December 1, 2020, with the minimum LCR to be 50%, progressively increasing, till it reaches the required level of 100%, by December 1, 2024, as per the time-line given below:

| From | December 1, 2020 | December 1, 2021 | December 1, 2022 | December 1, 2023 | December 1, 2024 |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Minimum LCR | 50% | 60% | 70% | 85% | 100% |

Further, NBFC are required to publicly disclose the information related to Liquidity Coverage Ratio on a quarterly basis. Accordingly, the disclosure on Liquidity Coverage Ratio of ECL Finance Limited for Q1-FY2024-25 is as under:

| <u>LCR Disclosure</u> | | Q1- FY 2024-25 | |
|--|--|---|---|
| (Rs. in Crore) | | Total Unweighted Value¹ | Total Weighted Value^{1&2} |
| S.No | Particular | | |
| <u>High Quality Liquid Assets</u> | | | |
| 1 | Total High Quality Liquid Assets (HQLA) | 192 | 192 |
| (i) | Cash & Bank Balances | 192 | 192 |
| (ii) | Investment in Govt. Securities | - | - |
| <u>Cash outflows</u> | | | |
| 2 | Deposits (for deposit taking companies) | - | - |
| 3 | Unsecured wholesale funding | 58 | 67 |
| 4 | Secured wholesale funding | 151 | 174 |
| 5 | Additional requirements, of which | - | - |
| (i) | Outflows related to derivative exposures and other collateral requirements | 38 | 44 |
| (ii) | Outflows related to loss of funding on debt products | - | - |
| (iii) | Credit and liquidity facilities | 23 | 27 |
| 6 | Other contractual funding obligations | 89 | 102 |
| 7 | Other contingent funding obligations | 19 | 22 |
| 8 | Total Cash outflows | 379 | 436 |
| <u>Cash inflows</u> | | | |
| 9 | Inflows from fully performing exposures | 107 | 80 |
| 10 | Other cash inflows ³ | 265 | 199 |
| 11 | Total cash inflows | 372 | 279 |
| 12 | TOTAL HQLA | | 192 |
| 13 | TOTAL NET CASH OUTFLOWS OVER THE NEXT 30 DAYS | | 157 |
| 14 | LIQUIDITY COVERAGE RATIO (%) | | 122.6% |

Notes:

- The average weighted and unweighted amounts are calculated taking simple averages of daily observations for the quarter.
- Weighted values calculated after the application of respective haircuts (for HQLA) and stress factors on inflow (75%) and outflow (115%).
- Other cash inflows includes liquidity maintained in the form of other assets which are maturing within 30 days.

ECL Finance Limited

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