

July 28, 2022

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

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

Sub: Outcome of Board Meeting and submission of Financial Results for the Quarter ended June 30, 2022

Dear Sir/Madam,

Pursuant to Regulation 51 and Regulation 52 read with part B of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations'), this is to inform you that the Board of Directors of the Company at its meeting held on July 28, 2022, has inter-alia approved/noted the following:

1. Unaudited Financial Results for the quarter ended June 30, 2022;
2. Appointment of Mr. Shiva Kumar as an Additional (Independent) Director; and
3. Resignation of Ms. Vidya Shah as a Non-Executive Director.


In this regard, please find enclosed the following:

- a) Unaudited Financial Results of the Company for quarter ended June 30, 2022, duly approved by the Board of Directors at its meeting held on July 28, 2022, together with the Limited Review Report of the Auditors' thereon; and
- b) Information as required pursuant to Regulation 52(4) of Listing Regulation.

Kindly take the same on record.

Thanking you,

For ECL Finance Limited


S. Ranganathan
Managing Director

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 Joint Auditor's Review Report on the Quarterly Unaudited Financial Results of the Company Pursuant to Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors
ECL Finance Limited

1. We Chetan T. Shah & Co. ('CTSC') and V. C. Shah & Co. ('VCSC') have jointly reviewed the accompanying statement of unaudited financial results of ECL Finance Limited (the "Company") for the quarter ended June 30, 2022 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Ind AS 34 prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.



5. The comparative financial information for the quarter ended June 2021 has not been subjected to review and has been traced based on the management certified financial results for the period then ended and accordingly, we express conclusion on the comparative figures based on such management certified financial results. Our conclusion is not modified in respect of this matter.

For Chetan T. Shah & Co.

Chartered Accountants

ICAI Firm Registration Number: 116652W


28/7/22

Chetan T. Shah

Partner

Membership No.: 101828

UDIN: 22101828ANT9PW

Mumbai, July 28, 2022



For V. C. Shah & Co.

Chartered Accountants

ICAI Firm Registration Number: 109818W



Viral J. Shah

Partner

Membership No.: 110120

UDIN: 22110120ANT

Mumbai, July 28, 2022



Financial results for the quarter ended 30 June 2022

Particulars	Quarter Ended		Year Ended	
	June 30, 2022 (Unaudited)	March 31, 2022 (Audited)	June 30, 2021 (Unaudited)	March 31, 2022 (Audited)
1 Revenue from operations				
(a) Interest income	212.87	276.49	335.10	1,211.95
(b) Dividend income	-	-	0.17	0.56
(c) Fee and commission income	17.94	19.58	23.44	70.44
(d) Net gain/(loss) on fair value changes (including Treasury income)	3.61	75.72	25.93	360.42
Total revenue from operations	234.42	371.79	384.64	1,643.37
2 Other income	82.21	1.93	1.48	17.40
3 Total income (1+2)	316.63	373.72	386.12	1,660.77
4 Expenses				
(a) Finance costs	257.54	306.75	386.98	1,402.80
(b) Employee benefits expense	12.91	16.03	24.58	89.64
(c) Depreciation and amortisation expense	2.65	1.20	3.46	13.65
(d) Net loss on derecognition of financial instruments under amortised cost category	12.69	17.54	35.72	71.33
(e) Impairment on financial instruments	(39.19)	(61.05)	(55.34)	(118.76)
(f) Other expenses	37.13	43.98	44.63	149.53
Total expenses	283.73	324.45	440.03	1,608.19
5 Profit / (Loss) before tax (3-4)	32.90	49.27	(53.91)	52.58
6 Tax expense	8.31	5.76	(39.67)	(26.78)
Short/(Excess) tax for earlier years	-	-	-	-
Deferred tax	8.31	5.76	(39.67)	(26.78)
7 Net Profit / (Loss) for the period (5-6)	24.59	43.51	(14.24)	79.36
8 Other Comprehensive Income (net of tax)	-	(8.42)	0.43	(7.98)
9 Total Comprehensive Income/(Loss) (after tax) (7+8)	24.59	35.09	(13.81)	71.38
10 Earnings Per Share (₹) (Face Value of ₹ 1/- each)				
- Basic	0.12	0.20	(0.07)	0.37*
- Diluted	0.09	0.16	(0.07)	0.29*

*Annualised

Notes:

- ECL Finance Limited (the 'Company') has prepared unaudited financial results (the 'Statement') for the quarter ended June 30, 2022 in accordance with Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the 'Listing Regulations, 2015') and the Accounting Standards specified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and the relevant provisions of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India.
- The above financial results of the Company are reviewed and recommended by the Audit Committee and have been approved by the Board of Directors of the Company at their respective meeting held on July 28, 2022.
- The results for the quarter ended March 31, 2022 represents the balancing figures between audited figures in respect of full financial year ended March 31, 2022 and the year to date figures for the nine months ended December 31, 2021 which was subject to limited review by statutory auditor of the Company.
- During the quarter ended June 30, 2022, the Company had sold certain financial assets amounting to Rs. 319.03 crores (net of provisions and losses) to various asset reconstructions company trusts ('ARC Trusts') and acquired security receipts (SR) amounting to Rs. 271.18 crores 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 June 30, 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. 4.89 crores and Rs. 22.33 crores for the quarter ended June 30, 2022 included in "Net gain / (loss) on fair value change" respectively.



5. 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 (₹ in crore)
MSME	235	82.94

*Excludes accounts closed / written off during the period

6. 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 quarter ended June 30, 2022.

Particulars	Quarter Ended June 30, 2022
Count or Loan accounts Assigned	426
Amount of Loan account Assigned (₹ in crore)	224.88
Retention of beneficial economic interest (MRR)	10%
Weighted Average Maturity (Residual Maturity) (in years)	4.28
Weighted Average Holding Period (in years)	4.25
Coverage of tangible security coverage	100%
Rating-wise distribution of rated loans	Unrated

(b) (i) Details of stressed loans transferred during the quarter ended June 30, 2022.

Particulars	To ARCs Quarter Ended June 30, 2022
Number of accounts	7
Aggregate principal outstanding of loans transferred (₹ in crore) *	975.97
Weighted average residual tenor of the loans transferred (in years)	0.85
Net book value of loans transferred (at the time of transfer) (₹ in crore)	308.54
Aggregate consideration (₹ in crore)	319.03
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.

(ii) The Company has not acquired any stressed loan during the quarter ended June 30, 2022.

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

8. 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.



9. Figures for the previous period / year have been regrouped/ reclassified wherever necessary to conform to current period / year presentation.
10. Disclosure in compliance with Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the quarter ended June 30, 2022 is attached as Annexure A.

Mumbai, July 28, 2022



on behalf of the Board of Directors

Subramanian Ranganathan
Managing Director
DIN:00125493



ECL Finance Limited
Annexure – A

Disclosure in compliance with regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, for the quarter ended June 30, 2022

Sr. No.	Particulars	Ratio
1	Debt-equity Ratio (refer note 1)	2.69
2	Debt service coverage ratio (DSCR)	NA
3	Interest service coverage ratio (ISCR)	NA
4	Outstanding redeemable preference shares (quantity and value)	NA
5	Debenture redemption reserve (Rupees in Crores)	100.74
6	Net worth (refer note 2) (Rupees in Crores)	2,585.51
7	Net profit after tax (Rupees in Crores)	24.59
8	Earnings per share (not annualised)	
8.a	Basic (Rupees)	0.12
8.b	Diluted (Rupee)	0.09
9	Current ratio	NA
10	Long term debt to working capital	NA
11	Bad debts to Account receivable ratio	NA
12	Current liability ratio	NA
13	Total debts to total assets (refer note 3)	0.69
14	Debtors turnover	NA
15	Inventory turnover	NA
16	Operating margin (%)	NA
17	Net profit margin (%) (refer note 4)	10.49%
18	Sector specific equivalent ratios as on September 30, 2021	
	(a) Capital to risk-weighted assets ratio (CRAR) (%)	31.77%
	(b) Tier I CRAR (%)	17.68%
	(c) Tier II CRAR (%)	14.09%
	(d) Stage 3 ratio (gross) (%) (refer note 5)	2.88%
	(e) Stage 3 ratio (net) (%) (refer note 6)	1.96%

Notes:

- Debt-equity Ratio = Total Debt ((Debt Securities-Compulsorily Convertible Debentures (CCD)) + Borrowings other than debt securities + subordinated liabilities) / (Net worth + CCD)
- Net worth = Equity share capital + Other equity
- Total debts to total assets = Total Debt / Total assets
- Net profit margin (%) = Net profit after tax / Revenue from Operations
- Stage 3 ratio (gross) = Gross Stage 3 loans / Gross Loans
- Stage 3 ratio (net) = (Gross stage 3 loans - impairment loss allowance for Stage 3) / Gross Loans

ECL Finance Limited

Corporate Identity Number : U69401MH2305PL154854

Registered Office : Tower 3, Wing B, Regency City Mall, Kohnur City, Kiroi Road, Kurla (W), Mumbai - 400070 ☎ +91 22 4272 2200
<https://ecifinance.edelweissfin.com>



The secured non-convertible debentures issued by the Company are fully secured by first pari passu charge by mortgage of the Company's identified immovable property as stated in the debenture trust deed(s) and/ or by way of charge/ hypothecation of book debts/ receivables/ loan Receivables and other assets, to the extent stated in the respective information memorandum read with the underlying debenture trust deed. Further, the Company has maintained asset cover as stated in the information memorandum which is sufficient to discharge the principal amount and other dues at all times for the non-convertible debt securities issued by the Company.

For ECL Finance Limited



S Ranganathan
Managing Director



ECL Finance Limited

Corporate Identity Number : U65990MH2005PLC154854

Registered Office : Tower 3, Wing 'B', Kohinoor City Mall, Kohinoor City, Kiroli Road, Kurla (W), Mumbai - 400070 ☎ +91 22 4272 2200

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