

DISCLOSURE UNDER LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NBFC-DECEMBER 31, 2022

Public disclosure on liquidity risk of ECL Finance Limited (the Company) as on December 31, 2022, in accordance with RBI circular no. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019, on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

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

(As at December 31, 2022)

Sr. No	Number of Significant Counterparties*	Amount (₹ crore)	% Of Total Deposits	% Of Total liabilities**
1	17	6,592.52	NA	61.34%

* "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'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 being a Systemically Important Non-Deposit taking Non-Banking Financial Company registered with Reserve Bank of India does not accept public deposits.

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

(As at December 31, 2022)

Amount (₹ crore) of Borrowings from Top 10 Lenders	% Of Total Borrowings
5, 280.31	54.03%

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

(As at December 31, 2022)

Sr. No	Name of the Instrument / Product	Amount (₹ crore)	% of Total Liabilities**
1	Market Borrowings		
	Non-Convertible Debentures	5,433.98	50.56%
	Tri party REPO	1,018.27	9.47%
	Compulsory Convertible Debentures	725.98	6.75%
	Commercial Papers	523.51	4.87%
2	Other Borrowings		
	Term Loans	1,256.36	11.69%
	Working Capital Demand Loan	685.00	6.37%
	Cash Credit	128.99	1.20%

* "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).

ECL Finance Limited

Corporate Identity Number: U65990MH2005PLC154854

Registered Office: Edelweiss House, Off CST Road, Kalina, Mumbai – 400098 Tel No.: +91 22 4009 4400

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(v) Stock Ratios:

Sr. No	Particulars	December 31, 2022
1	Commercial papers as a % of total public funds*	5.36%
2	Commercial papers as a % of total liabilities	4.87%
3	Commercial papers as a % of total assets	3.91%
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	24.11%
8	Other short-term liabilities**, if any as a % of total liabilities	21.92%
9	Other short-term liabilities**, if any as a % of total assets	17.60%

* "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 including 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 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 of the 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 Q3-FY2023 is as under:

LCR Disclosure (Rs. in Crore)		Q3- FY 2023	
S.No	Particular	Total Unweighted Value ¹	Total Weighted Value ^{1&2}
High Quality Liquid Assets			
1	Total High Quality Liquid Assets (HQLA)	854	854
(i)	Cash & Bank Balances	267	267
(ii)	Investment in Govt. Securities	587	587
Cash outflows			
2	Deposits (for deposit taking companies)	-	-
3	Unsecured wholesale funding	117	135
4	Secured wholesale funding	182	209
5	Additional requirements, of which		
(i)	Outflows related to derivative exposures and other collateral requirements	296	341
(ii)	Outflows related to loss of funding on debt products	4	5
(iii)	Credit and liquidity facilities	12	14
6	Other contractual funding obligations	595	684
7	Other contingent funding obligations	7	8
8	Total Cash outflows	1,214	1,396
Cash inflows			
9	Inflows from fully performing exposures	210	158
10	Other cash inflows ³	145	109
11	Total cash inflows	355	266
12	TOTAL HQLA		854
13	TOTAL NET CASH OUTFLOWS OVER THE NEXT 30 DAYS		1,130
14	LIQUIDITY COVERAGE RATIO (%)		75.58%

Notes:

- The average weighted and unweighted amounts are calculated taking simple averages of monthly 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 amongst others includes liquidity maintained in the form of Liquid Mutual funds and other assets which are maturing within 30 days.

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