

## **ECL Finance Limited**

Financial statements  
together with Independent Auditors' Report  
for the year ended 31 March 2016

# ECL Finance Limited

## **Financial statements together with Auditors' Report**

*for the year ended 31 March 2016*

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# B S R & Associates LLP

Chartered Accountants

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## Independent Auditor's Report

### To the Members of ECL Finance Limited

#### Report on the standalone financial statements

We have audited the accompanying standalone financial statements of ECL Finance Limited (the "Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

#### Management's responsibility for standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



## **Independent Auditor's Report (Continued)**

### **ECL Finance Limited**

#### **Auditor's responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profits and its cash flows for the year ended on that date.

#### **Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;





## **Independent Auditor's Report (Continued)**

### **ECL Finance Limited**

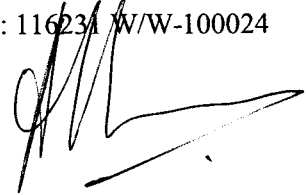
#### **Report on other legal and regulatory requirements (Continued)**

- e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 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"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 2.38 to the standalone 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 long term derivative contracts - Refer Note 2.68 to the standalone financial statements; and
  - iii. There were no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231 W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
12 May 2016

## ECL Finance Limited

### Annexure A to the Independent Auditor's Report-31 March 2016

The Annexure referred to in Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. (a) The Company has conducted a physical verification of equity shares and other securities relating to Company's stock-in-trade on the basis of actual verification or statement received from depository participants at reasonable intervals. In our opinion, the frequency of such verification is reasonable in relation to the size of the Company and the nature of its business.
- (b) The Company is maintaining proper records of stock-in-trade. No material discrepancies have been noticed on physical verification of stock-in-trade.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, value added tax, sales tax, customs duty, excise duty, cess. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of service tax and other material statutory dues which have not been deposited with appropriate authorities on account of any disputes.

## ECL Finance Limited

### Annexure A to the Independent Auditor's Report-31 March 2016 (Continued)

- viii. The Company has not defaulted in repayment of dues to any financial institution, bank, Government or debenture holders during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company has utilised the term loans for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP

*Chartered Accountants*

Firm's Registration No: 116281 W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai  
12 May 2016

## ECL Finance Limited

### **Annexure - B to the Independent Auditor's Report of even date on the standalone 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 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's responsibility for internal financial controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on 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 (the "Guidance Note") 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 efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and 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 and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



## ECL Finance Limited

### **Annexure - B to the Independent Auditor's Report of even date on the standalone financial statements of ECL Finance Limited (Continued)**

#### **Meaning of internal financial controls over financial reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent limitations of internal financial controls over financial reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

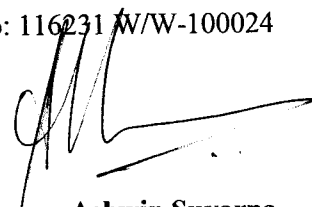
#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 issued by the ICAI.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231 W/W-100024



**Ashwin Suvarna**

*Partner*

Membership No: 109503

Mumbai

12 May 2016

**ECL Finance Limited****Balance Sheet**

(Currency : Indian rupees in millions)

	Note	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2.1	1,891.85	1,891.85
Reserves and surplus	2.2	17,930.45	15,479.16
		<u>19,822.30</u>	<u>17,371.01</u>
<b>Non-current liabilities</b>			
Long-term borrowings	2.3	65,632.49	60,635.28
Other long-term liabilities	2.4	1,100.41	135.04
Long-term provisions	2.5	313.87	334.03
<b>Current liabilities</b>			
Short-term borrowings	2.6	47,333.91	28,909.35
Trade payables	2.7	1,576.57	495.57
Other current liabilities	2.8	33,224.36	19,000.04
Short-term provisions	2.9	2,171.27	1,592.03
<b>TOTAL</b>		<u><u>171,175.18</u></u>	<u><u>128,472.35</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	2.10	259.68	264.60
Intangible assets	2.10	11.92	16.33
Intangibles under development		1.04	-
Non-current investments	2.11	8,391.27	6,993.35
Deferred tax assets (net)	2.12	917.01	637.42
Long-term loans and advances	2.13	41,744.73	44,519.16
Other non-current assets	2.14	2,059.41	414.90
		<u>53,385.06</u>	<u>52,845.76</u>
<b>Current assets</b>			
Current investments	2.15	102.32	167.99
Stock in trade	2.16	58,745.76	23,473.94
Trade receivables	2.17	600.70	205.80
Cash and bank balances	2.18	2,606.69	3,187.68
Short-term loans and advances	2.19	50,627.65	45,883.71
Other current assets	2.20	5,107.00	2,707.47
		<u>117,790.12</u>	<u>75,626.59</u>
<b>TOTAL</b>		<u><u>171,175.18</u></u>	<u><u>128,472.35</u></u>

Significant accounting policies and notes to the financial statements

1 &amp; 2

As per our report of even date attached.

For **BSR & Associates LLP**

Chartered Accountants

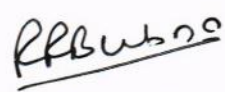
Firms' Registration No. 116231W/W-100024


**Ashwin Suvarna**

Partner

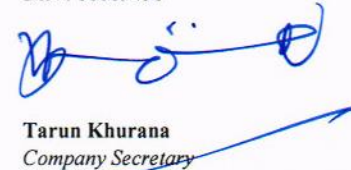
Membership No: 109503

For and on behalf of the Board of Directors

  
**Raviprakash R. Bubna**  
 Managing Director & CEO  
 DIN : 00090160

  
**Himanshu Kaji**  
 Executive Director  
 DIN : 00009438

  
**Nilesh Sampat**  
 Chief Financial Officer

  
**Tarun Khurana**  
 Company Secretary
Mumbai  
12 May 2016Mumbai  
12 May 2016

# ECL Finance Limited

## Statement of Profit and Loss

(Currency : Indian rupees in millions)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>			
Fee and commission income	2.21	424.00	244.52
Income from treasury	2.22	(1,783.89)	(1,275.61)
Interest income	2.23	20,205.30	13,425.57
<b>Other income</b>	2.24	20.42	17.37
<b>Total revenue</b>		<b>18,865.83</b>	<b>12,411.85</b>
<b>Expenses</b>			
Employee benefits expense	2.25	1,499.06	1,105.56
Finance costs	2.26	11,653.57	6,766.23
Depreciation	2.10	40.85	33.51
Other expenses	2.27	1,883.53	1,738.56
<b>Total expenses</b>		<b>15,077.01</b>	<b>9,643.86</b>
<b>Profit before tax</b>		<b>3,788.82</b>	<b>2,767.99</b>
(1) Current tax [net of excess provisions of earlier years(s) of Rs 3.08 million (Previous year : Rs 5.60 million)]		1,567.79	1,329.16
(2) Deferred tax (net)		(279.60)	(390.55)
<b>Profit for the year</b>		<b>2,500.63</b>	<b>1,829.38</b>
<b>Basic and diluted earnings per equity share in Rupees (Face value Re. 1 each)</b>	2.30	<b>1.32</b>	<b>0.97</b>

Significant accounting policies and notes to the financial statements 1 & 2


As per our report of even date attached.

For B S R & Associates LLP  
Chartered Accountants  
Firms' Registration No. 116231W/W-100024


  
Ashwin Suvarna  
Partner

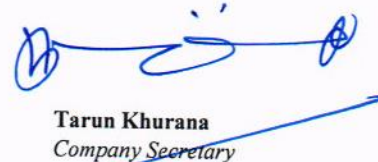
Membership No: 109503

For and on behalf of the Board of Directors

  
Raviprakash R. Bubna  
Managing Director & CEO  
DIN : 00090160

  
Himanshu Kaji  
Executive Director  
DIN : 00009438

  
Nilesh Sampat  
Chief Financial Officer  
Mumbai  
12 May 2016

  
Tarun Khurana  
Company Secretary

Mumbai  
12 May 2016



# ECL Finance Limited

## Cash Flow Statement

(Currency : Indian rupees in millions)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
Profit before tax	3,788.82	2,767.99
<i>Adjustments for</i>		
Depreciation	40.85	33.51
Provision for compensated absences	4.54	3.33
Provision for standard assets including accelerated provision	102.04	80.10
Diminution in value of current investments	65.66	77.00
Provision for restructured advance	(54.49)	109.29
Provision for non performing assets	351.81	802.31
Provision for doubtful debts	-	4.02
Provision for credit loss on securitisation	(1.67)	(1.77)
Bad- debts and advances written off	759.13	173.46
Profit on sale of investments	-	(0.26)
Dividend on investments	(0.70)	(0.70)
Profit on sale of fixed assets	(0.49)	(0.22)
Amortised loan processing fees	(43.42)	(53.69)
Amortised loan origination cost	40.23	49.58
<b>Operating cash flow before working capital changes</b>	<b>5,052.31</b>	<b>4,043.95</b>
<i>Add / (Less): Adjustments for working capital changes</i>		
Increase in trade receivables	(394.91)	(205.19)
Increase in stock in trade	(35,271.82)	(16,641.32)
Increase in receivables from financing business (net) (refer note 1)	(2,694.85)	(29,627.86)
(Increase)/Decrease in loans and advances	(45.90)	723.81
Increase in other assets	(3,821.69)	(2,860.60)
Increase in liabilities and provisions	6,117.01	2,350.79
<b>Cash used in operations</b>	<b>(31,059.85)</b>	<b>(42,216.42)</b>
Income taxes paid	(1,612.60)	(1,218.06)
<b>Net cash used in operating activities -A</b>	<b>(32,672.45)</b>	<b>(43,434.48)</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(33.05)	(38.00)
Increase in Capital Work-in-progress	(1.04)	-
Sale of fixed assets	2.01	0.72
Purchase of investments	(1,519.91)	(2,346.76)
Sale of investments	122.00	152.86
Dividend on investments	0.70	0.70
<b>Net cash used in investing activities - B</b>	<b>(1,429.29)</b>	<b>(2,230.48)</b>





**ECL Finance Limited****Cash Flow Statement (Continued)**

(Currency : Indian rupees in millions)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>C Cash flow from financing activities</b>		
Proceeds from issue of long term secured debenture (refer note 1)	11,171.44	20,748.14
Increase/(decrease) in short term borrowings (net)	19,927.73	(732.70)
Proceeds from banks/Financial Institutions term loan (refer note 1)	2,443.93	16,986.19
Proceeds from non convertible subordinate debt	200.00	8,000.00
<b>Net cash generated from financing activities - C</b>	<b>33,743.10</b>	<b>45,001.63</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(358.64)</b>	<b>(663.33)</b>
Cash and cash equivalent as at the beginning of the year	2,172.68	2,836.01
Cash and cash equivalent as at the end of the year (refer note 2.18)	1,814.04	2,172.68

Notes:

1 Net figures have been reported on account of volume of transactions.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No. 116231W/W-100024


**Ashwin Suvarna**

Partner

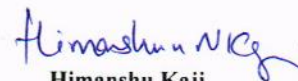
Membership No: 109503

For and on behalf of the Board of Directors


**Raviprakash R. Bubna**

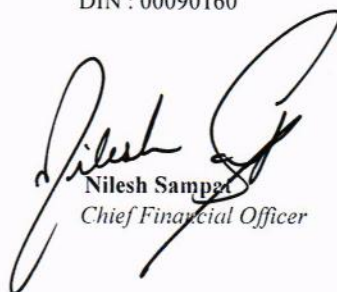
Managing Director &amp; CEO

DIN : 00090160


**Himanshu Kaji**

Executive Director

DIN : 00009438


**Nilesh Sampat**

Chief Financial Officer


**Tarun Khurana**

Company Secretary

Mumbai  
12 May 2016Mumbai  
12 May 2016

# ECL Finance Limited

## Notes to the financial statements

### 1 Significant accounting policies

#### 1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees rounded off to millions, unless otherwise stated.

The Company being a NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

#### 1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities on the date of the financial statements and reported amount of revenue and expenses during the reporting period. The estimates and accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### 1.3 Current-non-current classification

All assets and liabilities are classified into current and non-current

##### Assets

An Asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primary for the purpose of being traded;
- c. It is expected to be realized within 12 months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

##### Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the company's normal operating cycle.
- b. It is held primarily for the purpose of being traded;





# ECL Finance Limited

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

### 1 Significant accounting policies (*continued*)

#### 1.3 Current-non-current classification (*Continued*)

- c. It is due to be settled within 12 months after the reporting date; or the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of the liability that could, at the option of the counterparty, results in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current

#### 1.4 Revenue recognition

- a. Fee income including processing fees (other than loan against property) and other fees is accounted for on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.
- b. In case of loans against property, processing fees collected are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed under "Other current liabilities" and "Other long term liabilities" based on amortisable tenor. In the event of a loan being foreclosed or written off, the unamortised portion of such processing fees is recognised as income at the time of such foreclosure or write off.
- c. Interest income is recognised on accrual basis. Interest income in case of lending business is recognised on accrual basis except in case of non- performing assets, wherein it is accounted on realisation, as per RBI guidelines. In case of commercial papers, deep discount bonds and certificate of deposits, the difference between the acquisition cost and redemption value are amortised on time basis and recognised as interest income.
- d. Interest Spread under par structure of securitization/direct assignment of loan receivables is recognized on realization over the tenure of securitized/ direct assigned loan.
- e. Income from treasury operations comprises of profit/loss on sale of securities and profit/loss on equity, commodity, currency interest rate derivative instruments.
- i) Profit/loss on sale of investments / securities is determined based on the weighted average cost of the investments / securities sold and recognised on trade date.
- ii) Realised profit/ loss on closed positions of derivative instruments is recognised on final settlement on squaring-up of the contracts. Outstanding derivative contracts in the nature of forwards / futures / options are measured at fair value as at the balance sheet date. Fair value is determined using quoted market prices in an actively traded market, for the instrument, wherever available, as the best evidence of fair value. In the absence of quoted market prices in an actively traded market, a valuation technique is used to determine the fair value. In most cases the valuation techniques use observable market data as input parameters in order to ensure reliability of the fair value measure.
- iii) In respect of interest rate derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on interest rate derivatives' in the statement of profit and loss and the interest received during contract period is recognised as 'Interest income on derivative instruments' in statement of profit and loss. Positions open as on Balance sheet date are marked to market and profit (loss) is recognised in the statement of profit and loss.





# ECL Finance Limited

## Notes to the financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.4 Revenue recognition (Continued)

- iv) In respect of currency derivatives, realised profit/loss on maturity/termination of contract is recognised as 'Profit/loss on currency derivatives' in the statement of profit and loss. Positions open as on Balance sheet date are marked to market and profit / (loss) is recognised in the statement of profit and loss.
- f. Dividend income is recognised when the right to receive payment is established.

#### 1.5 Benchmark linked debentures

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 year end. The resultant 'net unrealised loss or gain' on the fair valuation of these embedded derivatives is recognised in the statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis

#### 1.6 Securitisation

The Company enters into securitization transactions and assets are derecognized upon sale only if the Company surrenders control over the contractual rights that comprise in the financial assets.

The Company has adopted the accounting policy for securitization transactions, as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on August 21, 2012.

Unrealised gain on loan transfer transactions comprises of future interest receivable under par structure of securitisation / assignment.

Future interest receivable on loan transfer transaction comprises of Company's share of future interest strip receivables in case of a par structure securitised / assigned deals

#### 1.7 Provisioning on receivables from financing business

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset subject to the minimum level of provisioning required as per the prudential norms prescribed by RBI.

Provisions against standard assets are made in accordance with the prudential norms laid down by RBI.

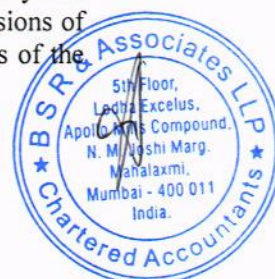
#### 1.8 Fixed assets and depreciation

##### Tangible fixed assets and Capital work in progress

Tangible fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital work in progress comprises the cost of fixed assets that are not ready for its intended use at the reporting date.

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 for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:





# ECL Finance Limited

## Notes to the financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.8 Fixed assets and depreciation (Continued)

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

Leasehold improvements are amortized on a straight-line basis over the estimated useful lives of the assets or the period of lease whichever is earlier.

#### Intangible fixed assets

Intangible fixed assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any.

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

#### 1.9 Impairment of assets

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

#### 1.10 Stock-in-trade

- The securities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets.
- The securities held as stock-in-trade are valued at lower of weighted average cost or market value. In case of units of mutual funds held as stock-in-trade, net asset value is considered as fair value.
- Debt instruments are valued at lower of cost or fair value. In case of debt instruments for which direct quotes are not available, fair value is the lowest of the quotes as on the valuation date as provided by market intermediaries.
- Commercial papers, certificate of deposits and treasury bills are valued at carrying cost.





# ECL Finance Limited

## Notes to the financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.11 Investments

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment. In case of investments in mutual funds, the net asset value of units declared by the mutual fund is considered as the fair value.

#### 1.12 Loan origination costs

Loan origination costs relating to loan against property comprise of costs paid to third party vendors and intermediaries for loan acquisition, processing, field verification, legal evaluation, title search, fraud check, technical valuation, etc. Such origination costs, directly attributable to disbursed loans are amortised over a pre-determined tenor arrived on an industry average or original contractual tenor, whichever is shorter. The unamortised balance is disclosed as part of "Long-term loans and advances" and "Short-term loan and advances" based on amortisable tenor. Where the loan is foreclosed or written off, the unamortised portion of such loan origination costs are recognised as charge to the statement of profit and loss at the time of such foreclosure or write off.

#### 1.13 Employee benefits

The accounting policy followed by the Company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (Revised 2005), is set out below:

##### *Provident fund and national pension scheme*

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

##### *Gratuity*

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Benefits in respect of gratuity are funded with an Insurance Company approved by Insurance Regulatory and Development Authority (IRDA).

Actuarial gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the statement of profit and loss in the period in which they arise.





# ECL Finance Limited

## Notes to the financial statements (Continued)

### 1 Significant accounting policies (continued)

#### 1.13 Employee benefits (Continued)

##### *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.

##### *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. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005)

#### 1.14 Taxation

Tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the Income Tax Act, 1961), deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

##### *Current tax*

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

##### *Deferred tax*

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

#### 1.15 Operating leases

Lease payment for asset taken on operating lease are recognised as an expense in the statement of profit and loss on a straight- line basis over the lease term.

#### 1.16 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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.



# ECL Finance Limited

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

### *1 Significant accounting policies (continued)*

#### *1.16 Earnings per share (continued)*

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted

earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by weighted average number of equity shares considered for deriving basic earning per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

#### *1.17 Provisions and contingencies*

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 2.1 Share capital

#### Authorised :

6,700,000,000 (Previous year: 6,700,000,000) Equity Shares of Re.1 each  
4,000,000 (Previous year:4,000,000) preference shares of Rs 10 each

As at  
31 March 2016

As at  
31 March 2015

6,700.00  
40.00

6,700.00  
40.00

6,740.00

6,740.00

#### Issued, Subscribed and Paid up:

1,891,848,462 (Previous year:1,891,848,462) equity shares of Re.1 each, fully paid-up  
(Of the above 1,499,959,129 (Previous year: 1,499,959,129) fully paid-up equity shares of Re.1 each, are held by Edelweiss Financial Services Limited, the holding company along with its Nominees.)

1,891.85

1,891.85

1,891.85

1,891.85

#### a. Movement in share capital :

	31 March 2016		31 March 2015	
	No of shares	Amount	No of shares	Amount
Outstanding at the beginning of the year	1,891,848,462	1,891.85	1,891,848,462	1,891.85
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	1,891,848,462	1,891.85	1,891,848,462	1,891.85

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

The Company has only one class of equity shares having a par value of Re 1/-. Each holder of equity shares is entitled to one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2016		As at 31 March 2015	
	No of shares	%	No of shares	%
<b>Holding company</b>				
Edelweiss Financial Services Limited	1,499,959,129	79.28%	1,499,959,129	79.28%
<b>Fellow subsidiaries</b>				
Edelweiss Securities Limited	97,416,683	5.15%	97,416,683	5.15%
Edelweiss Commodities Services Limited	146,976,650	7.77%	146,976,650	7.77%
	1,744,352,462	92.20%	1,744,352,462	92.20%

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

	As at 31 March 2016		As at 31 March 2015	
	No of shares	%	No of shares	%
Edelweiss Financial Services Limited (Holding Company) #	1,499,959,129	79.28%	1,499,959,129	79.28%
Edelweiss Securities Limited	97,416,683	5.15%	97,416,683	5.15%
Edelweiss Commodities Services Limited	146,976,650	7.77%	146,976,650	7.77%
Waverly Pte Limited	147,496,000	7.80%	147,496,000	7.80%
	1,891,848,462	100.00%	1,891,848,462	100.00%

# including 6 shares held by nominees of Edelweiss Financial Services Limited



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 2.2 Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
Securities Premium Account		
Less: Provision for premium payable on redemption of debentures	7,040.76	7,080.66
	<u>49.33</u>	<u>39.90</u>
	6,991.43	7,040.76
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934 *		
Add : Additions during the year	1,687.70	1,321.82
	<u>500.13</u>	<u>365.88</u>
	2,187.83	1,687.70
Debenture Redemption Reserve		
Add : Additions during the year	571.80	59.23
	<u>1,133.25</u>	<u>512.57</u>
	1,705.05	571.80
Surplus in statement of profit and loss		
Opening Balance		
Less: Transition Depreciation as per Companies Act 2013	6,178.90	5,228.00
Add: Profit for the year	-	0.03
	<u>2,500.63</u>	<u>1,829.38</u>
Amount available for appropriation		
Appropriations:	8,679.53	7,057.35
Transfer to Debenture Redemption Reserve	1,133.26	512.57
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	<u>500.13</u>	<u>365.88</u>
	7,046.14	6,178.90
	<u>17,930.45</u>	<u>15,479.16</u>

\* Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934.



## ECL Finance Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016	As at 31 March 2015
<b>2.3 Long-term borrowings</b>		
<u>Secured</u>		
Non-convertible redeemable debentures (refer note 2.41)		
a. Privately Placed Non-convertible debentures	29,992.70	21,796.88
b. Public issue of Non-convertible debentures	9,318.60	12,892.76
	<u>39,311.30</u>	<u>34,689.64</u>
Term loans from bank (refer note 2.43)	16,785.66	17,145.64
Term loans from other parties (refer note 2.43)	1,135.53	600.00
	<u>57,232.49</u>	<u>52,435.28</u>
<u>Unsecured</u>		
Non-convertible redeemable debentures (refer note 2.42)		
a. Privately Placed Non-convertible redeemable subordinated debt	4,400.00	4,200.00
b. Public issue of Non-convertible redeemable subordinated debt	4,000.00	4,000.00
	<u>8,400.00</u>	<u>8,200.00</u>
	<u>65,632.49</u>	<u>60,635.28</u>
<b>2.4 Other long term liabilities</b>		
Unamortised processing fees	36.57	37.71
Interest accrued but not due on borrowings	995.20	-
Unrealised gain on loan transfer transactions	68.64	97.33
	<u>1,100.41</u>	<u>135.04</u>
<b>2.5 Long-term provisions</b>		
Provision for employee benefits		
Gratuity	-	0.08
Compensated leave absences	10.98	7.19
Deferred bonus	96.75	32.40
Provision for non performing assets	22.31	59.17
Provision for standard assets	129.64	108.40
Provision on restructured advance	38.36	109.29
Provision for credit loss on securitisation	15.83	17.50
	<u>313.87</u>	<u>334.03</u>



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016	As at 31 March 2015
<b>2.6 Short-term borrowings</b>		
<u>Secured</u>		
Bank overdraft	8,771.40	6,716.62
[Secured by charge on receivables from financing business and corporate guarantee from holding company]		
Collateralised borrowing and lending obligation and Clearcorp repo order matching system	23,551.29	13,950.00
[Secured by pledge of Government securities]		
Working capital demand loan	2,250.00	-
[Secured by charge on receivables from financing business and corporate guarantee from holding company]		
Term loan from bank (refer note 2.43)	-	1,503.16
Non-convertible redeemable debentures (refer note 2.41)	2,500.00	1,150.00
	<u>37,072.69</u>	<u>23,319.78</u>
<u>Unsecured</u>		
Loan from group companies	895.16	51.46
[repayable on demand, at variable rate of interest]		
Commercial paper	9,500.00	5,750.00
Less : Unamortised discount	133.94	211.89
	<u>9,366.06</u>	<u>5,538.11</u>
	<u>10,261.22</u>	<u>5,589.57</u>
	<u>47,333.91</u>	<u>28,909.35</u>





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016	As at 31 March 2015
<b>2.7 Trade Payables</b>		
Payable to :		
Micro, small and medium enterprises	-	-
Others	1,576.57	495.57
(includes sundry creditors, provision for expenses and customer payables)		
	<u>1,576.57</u>	<u>495.57</u>
<b>2.8 Other current liabilities</b>		
Current maturities of secured long term debt		
Term loan from bank (refer note 2.43)	11,042.10	7,887.66
Term loan from other parties (refer note 2.43)	617.10	700.00
Public issue of Non-convertible debentures (refer note 2.41)	3,574.16	-
Privately Placed Non-convertible debentures (refer note 2.41)	11,968.58	5,369.48
Interest accrued but not due on borrowings	4,541.18	3,991.46
Interest accrued and due on borrowings	22.48	10.64
Income received in advance	91.27	98.86
Other Payables		
Accrued salaries and benefits	494.36	473.07
Withholding taxes, service tax and other taxes payable	54.86	31.84
Book overdraft	358.27	269.59
Unamortised processing fees	18.88	25.00
Premium received on outstanding exchange traded options (including MTM)	168.99	103.40
Unrealised gain on loan transfer transactions	17.31	25.79
Mark to Market on interest rate & currency derivatives	242.52	1.67
Others	12.30	11.58
	<u>33,224.36</u>	<u>19,000.04</u>
<b>2.9 Short-term provisions</b>		
Provision for employee benefits :		
Compensated absences	2.33	1.58
Deferred bonus	164.62	55.34
Others		
Provision for non performing assets	1,676.51	1,287.61
Provision for standard assets	228.61	131.62
Provision for tax	99.20	115.88
(net of advance taxes Rs 2,641.23 million ; previous year :Rs 2,391.15 million)		
	<u>2,171.27</u>	<u>1,592.03</u>



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 2.10 Fixed assets

Description of Assets	Gross Block				Depreciation		Net Block			
	As at 1 April 2015	Additions during the year	Deductions during the year	As at 31 March 2016	As at 1 April 2015	Adjustment in Opening Reserve (Refer note below)	Charge for the year	Deductions during the year	As at 31 March 2016	As at 31 March 2015
Tangible assets										
Building	270.94	-	-	270.94	44.39	-	11.33	-	55.72	226.54
Leasehold improvements	2.30	1.17	-	3.47	0.73	-	0.70	-	1.43	1.57
Furniture and Fixtures	0.43	0.42	-	0.85	0.18	-	0.12	-	0.30	0.26
Vehicles	43.98	11.95	5.05	50.88	20.90	-	9.45	3.53	26.82	23.08
Office equipment	5.07	2.36	0.01	7.42	2.72	-	1.77	0.00	4.49	2.35
Computers	21.56	13.83	-	35.39	10.76	-	9.75	-	20.51	10.80
A	344.28	29.73	5.06	368.95	79.68	-	33.12	3.53	109.27	259.68
Intangible assets										
Software	22.03	3.32	-	25.35	5.70	-	7.73	-	13.43	16.33
B	22.03	3.32	-	25.35	5.70	-	7.73	-	13.43	16.33
Total (A+B)	366.31	33.05	5.06	394.30	85.38	-	40.85	3.53	122.70	280.93
Previous Year	325.91	41.54	1.13	366.32	52.49	(0.03)	33.51	0.63	85.39	280.93

Note:

As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs.0.03 millions and an amount of Rs.0.03 millions has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life has expired as at 1 April 2014.



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>2.11 Non-current investments</b>						
Others (unquoted)						
<i>Investments in equity shares of companies (fully paid up)</i>						
Aeon Credit Services India Pvt Limited (associate company)	10	22,750,000	227.50	10	10,250,000	102.50
			227.50			102.50
<i>Investments in preference shares of companies (fully paid up)</i>						
7% Non Cumulative Non Convertible Redeemable Preference Shares of Edelweiss Commodities Services Limited	10	1,000,000	1,000.00	10	1,000,000	1,000.00
7% Non Cumulative Non Convertible Redeemable Preference Shares of Ecap Equities Limited	10	1,800,000	1,800.00	10	1,800,000	1,800.00
1% Non cumulative Non Convertible Redeemable Preference shares of Edelweiss Investment Adviser Limited	10	220,000	220.00	10	220,000	220.00
11% Non-cumulative Optionally Convertible Preference Shares of Edelweiss Broking Limited	10	600,000	600.00	10	600,000	600.00
7% Non Cumulative Non Convertible Redeemable Preference Shares of StyraX Commodities Limited	10	1,800,000	1,800.00	10	1,800,000	1,800.00
			5,420.00			5,420.00
<i>Investments in securitisation trust securities</i>						
- EARC Trust SC 6	1,000	218,500	217.30	1,000	50,000	49.70
- EARC Trust SC 7	1,000	104,500	94.40	-	-	-
- EARC Trust SC 8	1,000	77,045	130.10	-	-	-
- EARC Trust SC 9	1,000	71,487	94.80	-	-	-
- EARC Trust SC 12	-	70,000	-	-	70,000	-
- EARC Trust SC 14	1,000	78,375	188.60	-	-	-
- EARC Trust SC 43	1,000	54,000	54.00	-	-	-
- EARC Trust SC 55	1,000	46,800	46.80	-	-	-
- EARC Trust SC 57	1,000	72,250	59.60	-	-	-
- EARC Trust SC 102	1,000	768,570	748.72	1,000	723,360	723.36
- EARC Trust SC 104	1,000	77,180	63.70	-	-	-
- EARC Trust SC 109	1,000	633,500	526.64	1,000	633,500	633.50
- EARC Trust SC 112	1,000	340,000	335.10	-	-	-
- EARC Trust SC 177	1,000	124,750	125.40	-	-	-
<i>Investments in units of fund</i>						
Edelweiss Stressed and Troubled Assets Revival Fund	10,000	8,125	58.61	10,000	6,875	64.29
			2,743.77			1,470.85
			<u>8,391.27</u>			<u>6,993.35</u>
<b>Aggregate of unquoted investment</b>						
- At carrying value			8,391.27			6,993.35





## ECL Finance Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016	As at 31 March 2015
<b>2.12 Deferred tax assets (net)</b>		
<b>Deferred tax assets</b>		
Provision for standard assets	123.99	83.06
Provision for credit loss on securitisation	5.48	6.06
Provision for non-performing, restructured and doubtful advances	602.80	505.52
Unamortised processing fees	19.19	21.71
Provision for deferred bonus	90.45	30.37
Provision for Diminution in value of current investments	49.37	26.65
Unrealised Gain On Equity/Derivatives	47.30	-
Disallowances under section 43B of the Income Tax Act, 1961	4.61	3.02
Others	-	0.28
	<u>943.19</u>	<u>676.67</u>
<b>Deferred tax liabilities</b>		
Unamortised loan origination costs	22.81	22.33
Difference between book and tax depreciation	3.37	16.92
	<u>26.18</u>	<u>39.25</u>
	<u>917.01</u>	<u>637.42</u>





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016	As at 31 March 2015
<b>2.13 Long-term loans and advances</b>		
<u>Secured</u>		
(Considered good, unless stated otherwise)		
Receivables from financing business		
- considered good	40,859.12	42,090.26
- considered non performing assets	114.21	304.62
	<u>40,973.33</u>	<u>42,394.88</u>
Loans and advances to related parties	-	1,500.00
<u>Unsecured</u>		
(Considered good, unless stated otherwise)		
Receivables from financing business		
- considered good	530.06	388.61
- considered non performing assets	5.05	9.78
	<u>535.11</u>	<u>398.39</u>
Capital Advances	3.81	-
Other loans and advances		
Unamortised loan origination costs	44.75	45.34
Security Deposits	3.02	1.94
Advance income taxes	184.71	178.61
(net of provision for tax Rs.2,208.18 million; Previous year: Rs.2,208.18 million)		
	<u>771.40</u>	<u>624.28</u>
	<u>41,744.73</u>	<u>44,519.16</u>
<b>2.14 Other non-current assets</b>		
Long term bank deposits with banks	780.51	138.16
Future interest receivable on loan transfer transaction	68.64	97.33
Interest Accrued but not due on debt instruments	973.07	-
Interest Accrued but not due on loans given	216.77	167.88
Contribution to gratuity fund (net) (refer note 2.31)	0.53	-
Accrued interest on fixed deposits	19.89	11.53
	<u>2,059.41</u>	<u>414.90</u>



## ECL Finance Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>2.15 Current investments</b>						
<b>Investments in equity instruments of other companies (quoted)</b>						
Alok Industries Limited	10	22,642,893	101.89	10.00	22,642,893	167.56
			101.89			167.56
<b>Investments in mutual funds (unquoted)</b>						
Edelweiss Short Term Income Fund- Institutional Growth	10	40,777	0.43	10	40,777	0.43
			0.43			0.43
			<u>102.32</u>			<u>167.99</u>
Aggregate of quoted investment						
- At carrying value			101.89			167.56
- At market value			101.89			167.56
Aggregate of unquoted investment						
- At carrying value			0.43			0.43
- At net asset value			0.67			0.62



## Notes to the financial statements (Continued)

## 2.16 Stock in trade

8.4% L&T Finance Holdings Limited Preference Share  
6.00% Zee Entertainment Enterprises Limited Cumulative Non-Convertible  
Redeemable 5.03.2022 Preference Shares

	As at 31 March 2016		As at 31 March 2015			
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
	-	-	-	100	50,000	4.85
	-	-	-	1	313,406,733	272.80
			-			<u>277.65</u>

10.75% Shriram Transport Finance Company Limited 24.10.2016 NCD	10.75% Shriram Transport Finance Company Limited 24.10.2016 NCD
7.35% RFC 2031 (Retail Coupon 7.64%)	7.35% RFC 2031 (Retail Coupon 7.64%)
7.35% Nabard 2031 (7.64% Retail)	7.35% Nabard 2031 (7.64% Retail)
7.35% Nabard 2031	7.35% Nabard 2031
8.45% India Infra debt Limited 04.02.2025 NCD	8.45% India Infra debt Limited 04.02.2025 NCD
8.76% National Housing Bank 13.01.2034 NCD	8.76% National Housing Bank 13.01.2034 NCD
8.88% India Infrastructure Finance Company Limited 22.01.2029 Bonds	8.88% India Infrastructure Finance Company Limited 22.01.2029 Bonds
8.14% Nuclear Power Corporation of India Limited 25.03.2026 Bonds	8.14% Nuclear Power Corporation of India Limited 25.03.2026 Bonds
8.14% Nuclear Power Corporation of India Limited 25.03.2027 Bonds	8.14% Nuclear Power Corporation of India Limited 25.03.2027 Bonds
8.14% Nuclear Power Corporation of India Limited 25.03.2028 Bonds	8.14% Nuclear Power Corporation of India Limited 25.03.2028 Bonds
9.85% Shriram Transport Finance Company Limited 15.07.2017 NCD	9.85% Shriram Transport Finance Company Limited 15.07.2017 NCD
8.14% Nuclear Power Corporation of India Limited 25.03.2029 Bonds	8.14% Nuclear Power Corporation of India Limited 25.03.2029 Bonds
8.14% Nuclear Power Corporation of India Limited 25.03.2030 Bonds	8.14% Nuclear Power Corporation of India Limited 25.03.2030 Bonds
11.25% SREI Infrastructure Finance Limited 12.11.2019 NCD	11.25% SREI Infrastructure Finance Limited 12.11.2019 NCD
6.25% Avenia Holdings Limited 28.07.2018 NCD	6.25% Avenia Holdings Limited 28.07.2018 NCD
18.00% VGN Developers Private Limited 31.07.2018 NCD	18.00% VGN Developers Private Limited 31.07.2018 NCD
12.75% Mahan Synthetic Textiles Private Limited 18.12.2016 NCD	12.75% Mahan Synthetic Textiles Private Limited 18.12.2016 NCD
12.25% Priat Textiles Private Limited 21.09.2018 NCD	12.25% Priat Textiles Private Limited 21.09.2018 NCD
18.00% Ornate Spaces Private Limited 28.02.2019 NCD	18.00% Ornate Spaces Private Limited 28.02.2019 NCD
9.00% Gonbedu Coffee Estate Private Limited 14.05.2017 NCD	9.00% Gonbedu Coffee Estate Private Limited 14.05.2017 NCD
20.00% Soni Infotech Private Limited 31.12.2015 NCD	20.00% Soni Infotech Private Limited 31.12.2015 NCD
18.00% Wonder Value Reality Developers Private Limited 22.05.2018 NCD	18.00% Wonder Value Reality Developers Private Limited 22.05.2018 NCD
12.00% Future Corporate Resources Limited 29.01.2020 NCD (Sr-I)	12.00% Future Corporate Resources Limited 29.01.2020 NCD (Sr-I)
12.00% Future Corporate Resources Limited 29.01.2020 NCD (Sr-I)	12.00% Future Corporate Resources Limited 29.01.2020 NCD (Sr-I)
13.00% Parsnath Developers Limited 15.04.2019 NCD	13.00% Parsnath Developers Limited 15.04.2019 NCD
14.00% Skil Shipyard Holdings Private Limited 22.01.2019 NCD	14.00% Skil Shipyard Holdings Private Limited 22.01.2019 NCD
15.00% Pantaloon Industries Limited NCD	15.00% Pantaloon Industries Limited NCD
18.50% Manayata Developers Private Limited 30.12.2020 NCD	18.50% Manayata Developers Private Limited 30.12.2020 NCD
17.50% Reliance Infrastructure Limited 29.05.2018 NCD	17.50% Reliance Infrastructure Limited 29.05.2018 NCD
2.00% Pantaloon Industries Limited 29.01.2020 NCD	2.00% Pantaloon Industries Limited 29.01.2020 NCD
1.00% SVL Limited 20.09.2020 NCD	1.00% SVL Limited 20.09.2020 NCD
8.00% Ruparel Homes India Private Limited 13.02.2018 NCD	8.00% Ruparel Homes India Private Limited 13.02.2018 NCD

[illegible]



# **ECL Finance Limited**

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

(Currency : Indian rupees in millions)

### **2.16 Stock in trade (Continued)**

<b>Government bonds (quoted)</b>	
8.15% Government Stock 11.06.2022 BONDS	
7.28% Government Stock 03.06.2019 BONDS	
8.28% Government Stock 21.09.2027 BONDS	
6.35% Government Stock 02.01.2020 BONDS	
8.40% Government Stock 28.07.2024 BONDS	
7.80% Government Stock 03.05.2020 BONDS	
8.60% Government Stock 02.06.2028 BONDS	
8.27% Government Stock 09.06.2020 BONDS	
9.23% Government Stock 23.12.2043 BONDS	
8.15% Government Stock 24.11.2026 BONDS	
8.19% Government Stock 16.01.2020 BONDS	
5.64% Government Stock 02.01.2019 BONDS	
6.90% Government Stock 13.07.2019 BONDS	
8.30% Government Stock 31.12.2042 BONDS	
8.33% Government Stock 07.06.2036 BONDS	
8.13% Government Stock 21.09.2022 BONDS	
6.05% Government Stock 02.02.2019 BONDS	
8.08% Government Stock 02.08.2022 BONDS	
7.80% Government Stock 11.04.2021 BONDS	
8.12% Government Stock 10.12.2020 BONDS	
8.79% Government Stock 08.11.2021 BONDS	
7.72% Government Stock 25.05.2025 BONDS	
8.35% Government Stock 14.05.2022 BONDS	
7.88% Government Stock 19.03.2030 BONDS	
7.59% Government Stock 11.01.2026 BONDS	
7.94% Government Stock 24.05.2021 BONDS	

As at 31 March 2016		As at 31 March 2015	
Face Value	Quantity	Face Value	Quantity
-	-	100	18,500,000
-	-	100	17,000,000
-	-	100	10,500,000
100	40,000,000	100	13,500,000
100	1,000,000	100	12,000,000
100	17,500,000	100	23,500,000
-	-	100	13,000,000
100	18,000,000	100	13,500,000
-	-	100	500,000
100	2,500,000	-	-
100	12,500,000	100	10,500,000
100	500,000	100	500,000
100	8,860,000	100	360,000
-	-	100	6,500,000
-	-	100	1,000,000
100	500,000	100	10,500,000
-	-	100	1,000,000
100	8,500,000	-	-
100	41,500,000	-	-
100	49,500,000	-	-
100	20,000,000	-	-
100	7,000,000	-	-
100	2,000,000	-	-
100	3,500,000	-	-
100	8,000,000	-	-
100	500,000	-	-
<b>24,247.79</b>		<b>15,392.77</b>	

(B)

### **Debentures and bonds (unquoted)**

12.75% Mahan Synthetic Textiles Private Limited 18.12.2016 NCD	
19.00% Lily Realty Private Ltd 30.06.2016 NCD	
18.50% Suranjan Holding & Estate Developers Private Limited 21.02.17 NCD	
14.25% Avantha Holdings Limited 06.01.2017 NCD	
18.00% VGN Developers Private Limited 31.07.2018 NCD	
12.00% KLP Projects Private Limited 17.08.2019 NCD	
12.00% Landmark Barracks Projects Private Limited 17.08.2019 NCD	
20.00% Geetanjali Effective Realty Solutions Private Limited 30.03.2019 NCD	
10.00% Spenta Enclave Private Limited 28.02.2019 NCD	
18.50% Kamla Landmarc Property Leasing & Finance Private Limited	
10.07.2018 NCD	
16.00% MG Holding Private Limited 02.12.2019 NCD	

-	-	-	10,000,000	40	400.00
-	-	-	62,500	8,901	561.87
-	-	-	1,000,000	42	42.00
10,000,000	100	1,000.00	10,000,000	100	1,000.00
-	-	-	1,000,000	1,427	1,427.00
1,000,000	1,300	1,300.00	-	-	-
-	-	-	1,000,000	1,300	1,300.00
1,000,000	1,400	1,400.00	1,000,000	1,400	1,400.00
480,836	1,800	820.83	-	-	-
884,297	870	769.34	-	-	-
1,000,000	450	450.00	-	-	-
		5,740.17			
			6,130.87		

(C)



# **ECL Finance Limited**

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

(Currency : Indian rupees in millions)

### **2.16**

#### **Stock in trade (Continued)**

##### **Mutual funds (quoted)**

ICICI Prudential Liquid - Direct Plan - Growth  
Axis Liquid Fund - Direct - Growth  
DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Growth  
JM High Liquidity Fund - Direct - Growth  
Principal Cash Management Funds - Direct Plan - Growth  
Sundaram Money Fund - Direct Plan - Growth  
Taurus Short Term Bond Fund - Direct - Growth  
Baroda Pioneer Liquid Fund - Plan B - Growth  
LIC Nomura Income Plus Fund - Direct - Growth  
Indiabulls Ultra Short Term Fund - Direct Plan Growth  
HDFC Debt Fund For Cancer Cure - 2014

	As at 31 March 2016		As at 31 March 2015	
	Face Value	Quantity	Face Value	Quantity
		Amount		Amount
	10	2,231,225	-	-
	10	297,954	-	-
	10	2,541,958	-	-
	10	24,158,382	-	-
	10	169,649	-	-
	10	15,659,402	-	-
	10	271,688	-	-
	10	863,482	-	-
	10	10,277,756	-	-
	10	676,703	-	-
	10	1,000,000	10	1,000,000
		6,460.00		10.00
<b>Total</b>		<b>58,745.76</b>		<b>23,473.94</b>
	(A+B+C+D)		(A+B+C+D)	
Aggregate of stock-in-trade in quoted preference shares	- At carrying value	-	-	277.65
	- At market value	-	-	277.65
Aggregate of stock-in-trade in quoted debentures and Government bonds	- At carrying value	46,545.59	-	17,055.42
	- At market value	46,713.17	-	17,107.88
Aggregate of stock-in-trade in unquoted debentures and bonds	- At carrying value	5,740.17	-	6,130.87
Aggregate of stock-in-trade in units of quoted mutual fund	- At carrying value	6,460.00	-	10.00
	- At net asset value	6,460.50	-	10.20



## ECL Finance Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

#### 2.17 Trade receivables

Debtors outstanding for a period exceeding six months

Unsecured, considered doubtful

Less : Provision for doubtful debts

Other debts

Unsecured, considered good

As at  
31 March 2016

As at  
31 March 2015

4.62	4.62
4.62	4.62
-	-
600.70	205.80
600.70	205.80

#### 2.18 Cash and bank balances

##### Cash and cash equivalents

Cash in hand

Balances with banks

- in current accounts

- in fixed deposits with original maturity less than 3 months

##### Other bank balances

- Short term deposits with banks

(other bank deposits with maturity less than 12 months)

0.03	0.04
1,707.71	2,172.64
106.30	-
1,814.04	2,172.68
792.65	1,015.00
2,606.69	3,187.68





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

### 2.19 Short-term loans and advances

#### Secured

(Considered good, unless stated otherwise)

Receivables from financing business

- considered good

- considered non performing assets

As at  
31 March 2016

As at  
31 March 2015

44,977.75  
1,801.51

38,888.07  
1,291.49

46,779.26

40,179.56

Loans and advances to related parties

- 487.00

#### Unsecured

(Considered good, unless stated otherwise)

Receivables from financing business

- considered good

- considered non performing assets

3,243.73  
363.16

4,963.89  
35.16

Other loans and advances

Deposits placed with/exchange/depositories

116.05 95.00

Deposits- others^

0.00 0.00

Prepaid expenses

5.18 33.85

Unamortised loan origination costs

21.15 19.18

Loans and advances to employees

4.00 6.55

Vendor Advances

16.61 22.31

Input tax credit

35.52 37.37

Advance income taxes

22.02 -

(net of provision for tax Rs 1,318.23 million ; previous year : Rs Nil)

Advances recoverable in cash or in kind or for value to be received

20.97 3.84

3,848.39 5,217.15

50,627.65 45,883.71

### 2.20 Other current assets

Accrued interest on fixed deposits

5.88 4.66

Accrued interest on debt instruments

1,169.54 368.88

Accrued interest on loans given

1,825.71 1,221.18

Accrued interest on margin

0.54 2.19

Accrued interest on Investments

0.58 -

Interest Accrued but not due on loans given

795.07 600.53

Mark to market on interest rate & Currency derivatives

154.51 60.58

Margin placed with Counterparty for derivatives

74.44 -

Premium paid on outstanding exchange traded options (including MTM)

50.85 30.66

Future interest receivable on loan transfer transaction

17.31 25.79

Margin placed with broker

1,012.57 393.00

5,107.00 2,707.47

^ Amount is less than Rs 0.01 million



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.21 Fee and commission income</b>		
Loan processing and other fees	424.00	244.52
	<u>424.00</u>	<u>244.52</u>
<b>2.22 Income from treasury</b>		
Profit on trading of securities (net)	266.02	496.85
(Loss)/ profit on equity derivative instruments (net)	(262.07)	500.90
Profit on commodity derivative instruments (net)	-	57.96
Profit / (loss) on trading in currency derivative instruments (net)	40.06	(11.23)
Loss on interest rate derivative instruments (net)	(277.23)	(18.13)
Profit on sale of long term investment	-	0.26
Dividend	20.03	1.88
Interest on interest rate swap	26.07	-
Cost of benchmark linked debentures	(1,596.77)	(2,304.10)
	<u>(1,783.89)</u>	<u>(1,275.61)</u>
<b>2.23 Interest Income</b>		
On loans	15,374.89	11,930.13
On fixed deposits	88.78	54.37
On debt instruments	4,724.21	1,368.12
On margin with brokers	13.05	51.44
On collateralised borrowing and lending operations	0.75	1.45
On others	3.62	20.06
	<u>20,205.30</u>	<u>13,425.57</u>
<b>2.24 Other income</b>		
Profit on sale of fixed assets (net)	0.49	0.22
Miscellaneous income	19.93	17.15
	<u>20.42</u>	<u>17.37</u>





## ECL Finance Limited

### Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.25 Employee benefit expenses</b>		
Salaries and wages (refer note 2.39)	1,431.07	1,076.19
Contribution to provident and other funds (refer note 2.31)	45.49	26.31
Staff welfare expenses	22.50	3.06
	<u>1,499.06</u>	<u>1,105.56</u>
<b>2.26 Finance costs</b>		
Interest cost :		
Interest on debentures	3,554.15	1,195.68
Interest on subordinated debt	977.05	460.69
Interest on Inter-corporate deposits	0.96	0.08
Interest on term loan	3,191.52	1,989.82
Interest on bank overdraft	60.30	76.24
Interest on loan from holding company	172.05	372.76
Interest on loan from fellow subsidiaries	295.97	-
Interest - others	5.81	46.59
Interest on collateralised borrowing and lending operations	1,359.77	441.48
Interest on clearcorp repo order matching system	465.71	-
Interest on working capital demand loan	58.57	26.25
Other borrowing cost :		
Discount on commercial paper and debentures	1,095.69	1,705.87
Financial and bank charges	416.02	450.77
	<u>11,653.57</u>	<u>6,766.23</u>



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency : Indian rupees in millions)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.27 Other expenses</b>		
Advertisement and business promotion	15.21	31.38
Auditors' remuneration ( <i>refer note below</i> )	3.47	1.28
Bad- debts and advances written off	759.13	173.46
Commission and brokerage	14.19	4.95
Communication	15.56	9.41
Computer expenses	2.90	0.45
Corporate social responsibility -Donation	56.47	40.69
Clearing & custodian charges	0.62	4.09
Dematerialisation charges	0.67	0.93
Diminution in value of current investments	65.66	77.00
Directors' sitting fees	0.46	0.32
Electricity charges ( <i>refer note 2.39</i> )	6.85	5.86
Insurance	0.49	4.62
Legal and professional fees	144.63	76.16
Loan origination costs amortised	40.23	49.59
Membership and subscription	2.92	7.02
Office expenses	4.01	4.76
Printing and stationery	3.45	3.73
Provision for standard assets	118.25	80.10
Provision for restructured assets and others	(70.70)	109.29
Provision for non performing assets	351.81	802.31
Provision for doubtful debts	-	4.02
Provision for credit loss on securitisation	(1.67)	(1.77)
Rates and taxes	3.26	2.37
Rating support fees	185.00	118.75
Rent ( <i>refer note 2.39</i> )	35.26	19.82
Repairs and maintenance	0.72	0.64
Securities transaction tax	4.45	16.99
Service tax expenses	57.25	45.78
Stamp duty	15.24	10.39
Stock exchange expenses	-	0.45
Travelling and conveyance	43.02	29.97
Wealth Tax	-	0.20
Miscellaneous expenses	4.72	3.55
	<b>1,883.53</b>	<b>1,738.56</b>
<b>Auditors' remuneration:</b>		
As auditor	3.10	0.95
For other services (Certification)	0.23	0.25
For reimbursement of expenses	0.14	0.08
	<b>3.47</b>	<b>1.28</b>



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.28 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.

The following table gives information as required under the Accounting Standard-17 on Segment Reporting

Particulars	As at/ For the year ended 31 March 2016	As at /For the year ended 31 March 2015
<b>I Segment Revenue</b>		
a) Capital based business	2,161.22	1,298.57
b) Financing business	16,703.81	11,112.56
c) Unallocated	0.80	0.72
<b>Total Income</b>	<b>18,865.83</b>	<b>12,411.85</b>
<b>II Segment Results</b>		
a) Capital based business	(798.92)	(123.51)
b) Financing business	4,657.06	2,935.08
c) Unallocated	(69.32)	(43.59)
<b>Profit before taxation</b>	<b>3,788.82</b>	<b>2,767.99</b>
Less : Provision for taxation	1,288.19	938.61
<b>Profit after taxation</b>	<b>2,500.63</b>	<b>1,829.38</b>
<b>III Segment Assets</b>		
a) Capital based business	41,842.75	25,880.55
b) Financing business	128,172.71	101,775.76
c) Unallocated	1,159.72	816.04
<b>Total</b>	<b>171,175.18</b>	<b>128,472.35</b>
<b>IV Segment Liabilities</b>		
a) Capital based business	40,597.82	25,031.56
b) Financing business	110,599.72	85,922.05
c) Unallocated	155.34	147.73
<b>Total</b>	<b>151,352.88</b>	<b>111,101.34</b>
<b>V Capital expenditure (Including intangibles under development)</b>		
a) Capital based business	4.15	3.91
b) Financing business	33.67	37.63
c) Unallocated	0.06	-
<b>Total</b>	<b>37.88</b>	<b>41.54</b>
<b>VI Depreciation and amortisation</b>		
a) Capital based business	4.47	3.16
b) Financing business	36.31	30.35
c) Unallocated	0.07	-
<b>Total</b>	<b>40.85</b>	<b>33.51</b>
<b>VII Significant non-cash expenses other than depreciation and amortisation</b>		
a) Capital based business	66.16	-
b) Financing business	1,160.85	993.94
c) Unallocated	0.01	-
<b>Total</b>	<b>1,227.02</b>	<b>993.94</b>





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.29 Disclosure of Related parties as required under AS 18- "Related Party Disclosures"

#### i. List of related parties and relationship:

Name of related parties by whom control is exercised : Holding Company	Edelweiss Financial Services Limited - Holding company
Subsidiary	Olive Business Centre Limited ( upto December 4,2014)
Associates	Aeon Credit Services India Pvt Ltd
Fellow Subsidiaries (with whom transactions have taken place)	Arum Investments Private Limited Auris Corporate Centre Limited Burlington Business Solutions Limited ECap Equities Limited Edel Commodities Limited Edel Finance Company Limited Edelcap Securities Limited EdelGive Foundation Edelweiss Agri Value Chain Limited (formerly known as Edelweiss Integrated Commodity Management Limited) Edelweiss Broking Limited Edelweiss Commodities Services Limited Edelweiss Comtrade Ltd Edelweiss Finance & Investments Limited Edelweiss Global Wealth Management Limited Edelweiss Housing Finance Limited Edelweiss Investment Adviser Limited Edelweiss Retail Finance Limited Edelweiss Securities Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Web Services Limited
Key Management Personnel (KMP) (with whom transactions have taken place)	Raviprakash R. Bubna Rashesh Shah Himanshu Kaji
Relative of KMP (with whom transactions have taken place)	Nalin Kaji Mrs. Vidya Shah Sharda R Bubna
Enterprises over which KMPs exercise significant influence, with whom transactions have taken place	Ravi R Bubna HUF

#### ii. Transactions with related parties :

Nature of Transaction	Related Party Name	2016	2015
<b>Capital account transactions</b>			
Investment in Equity Shares of	Olive Business Centre Limited	-	0.50
	Aeon Credit Services India Pvt Ltd	125.00	-
Sale of Equity Shares to	Edelweiss Finance & Investments Limited	-	0.50
Purchase of Preference Share from	Edelweiss Financial Services Limited	-	3.59
	Edelweiss Finance & Investments Limited	-	110.00
	Edelweiss Commodities Services Limited	-	600.00
Sale of Preference Shares to	Edelweiss Financial Services Limited	-	78.60



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.29 Disclosure of Related parties as required under AS 18-"Related Party Disclosures" (Continued)

Nature of Transaction	Related Party Name	2016	2015
<b>Current account transactions</b>			
Loans taken from (refer note 1 below)	Edelweiss Financial Services Limited	14,412.29	19,639.61
	Edelweiss Commodities Services Limited	17,338.01	-
	Arum Investments Private Limited	147.70	-
Loans repaid to (refer note 1 below)	Edelweiss Financial Services Limited	14,463.75	19,597.99
	Edelweiss Commodities Services Limited	16,590.56	-
Loans given to	Edelweiss Commodities Services Limited (refer note 1 below)	2,950.00	600.00
	Edelweiss Financial Services Limited (refer note 1 below)	21.91	-
	Ravi R Bubna HUF	58.35	-
	Vidya Shah	335.14	1,112.66
Repayment of loans by	Edelweiss Commodities Services Limited (refer note 1 below)	4,450.00	1,210.00
	Edelweiss Financial Services Limited (refer note 1 below)	21.91	-
	Edelweiss Global Wealth Management Limited (refer note 1 below)	-	40.00
	Ravi R Bubna HUF	22.63	-
	Vidya Shah	428.68	1,020.23
Issuance of benchmark linked debentures	Edelweiss Commodities Services Limited	-	500.00
Redemption - benchmark linked debentures	ECap Equities Limited	7,388.00	6,540.30
Debt instruments issued to	Edelweiss Commodities Services Limited	5,000.00	37,734.34
Purchase of debt instruments from	Edelweiss Commodities Services Limited	50.00	-
Redemption of debt instruments	Edelweiss Commodities Services Limited	-	1,110.00
Commercial Papers subscribed by	Edelweiss Commodities Services Limited	23,852.99	-
Commercial Papers redeemed to	Edelweiss Commodities Services Limited	8,506.97	-
	ECap Equities Limited	100.00	-
<b>Secondary market transactions</b>			
Purchases of securities (Stock in trade) from	Edelweiss Finance & Investments Limited	1,266.35	545.58
	ECap Equities Limited	3,002.52	-
	Edelweiss Tokio Life Insurance Company Limited	-	597.82
	Edelweiss Commodities Services Limited	9,666.41	1,837.22
	Arum Investments Private Limited	627.87	-
	Edelweiss Global Wealth Management Limited	-	134.04
Purchase of certificate of deposit from	Edelweiss Commodities Services Limited	738.13	-
Sale of securities (Stock in trade)	Edelweiss Finance & Investments Limited	8,779.22	2,309.80
	ECap Equities Limited	2,253.00	-
	Edelweiss Commodities Services Limited	1,669.28	3,150.21
	Edelweiss Securities Limited	-	507.97
	Edelweiss Tokio Life Insurance Company Limited	-	99.68
	Edelweiss Global Wealth Management Limited	-	148.06
	Edelweiss Web Services Limited	634.07	-
Margin placed with (refer note 1 below)	Edelweiss Securities Limited	1,988.66	2,097.73
Margin refund received from (refer note 1 below)	Edelweiss Securities Limited	1,369.09	1,909.59
Interest paid on loan	Edelweiss Financial Services Limited	172.05	372.76
	Edelweiss Commodities Services Limited	295.93	-
	Arum Investments Private Limited	0.04	-





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.29 Disclosure of Related parties as required under AS 18-"Related Party Disclosures" (Continued)

Nature of Transaction	Related Party Name	2016	2015
Interest expense on benchmark linked debentures	ECap Equities Limited	1,726.18	903.63
Interest expense on non convertible debentures	Edelweiss Commodities Services Limited	8.16	10.08
	Edelweiss Finance & Investments Limited	0.51	1.38
Interest income on margin placed with brokers	Edelweiss Securities Limited	13.05	51.44
	Edelweiss Commodities Services Limited ^	-	0.00
Interest income on loans given to	Edelweiss Financial Services Limited	0.97	-
	Edelweiss Commodities Services Limited	71.82	182.53
	Ravi R Bubna HUF	2.72	-
	Edelweiss Global Wealth Management Limited	-	3.94
	Vidya Shah	1.38	9.24
Dividend received on investments	Edelweiss Commodities Services Limited	0.70	0.70
Director nomination deposit recieved	Edelweiss Financial Services Limited	0.20	0.10
Directores nomination deposit refunded	Edelweiss Financial Services Limited	-	0.10
Cost reimbursement paid to	Edelweiss Financial Services Limited	28.42	12.04
	Edelweiss Commodities Services Limited	28.22	21.68
	Edelweiss Web Services Limited	0.54	0.38
	Others -Fellow subsidiaries	1.99	0.56
Cost reimbursement received from	Edelweiss Finance & Investments Limited	-	0.59
	Edelweiss Securities Limited	0.80	-
	Edelweiss Financial Services Limited	1.48	-
	Edelweiss Comtrade Ltd	-	0.08
	Others-Fellow subsidiaries	0.26	0.05
Reimbursement paid to	Edelweiss Securities Limited	4.63	6.97
	Edelweiss Financial Services Limited	858.39	448.80
	Edelweiss Commodities Services Limited	0.40	-
Rating support fees paid to	Edelweiss Financial Services Limited	185.00	118.75
Clearing charges paid to	Edelweiss Securities Limited	0.37	0.28
Commission and brokerage paid to	Edelweiss Securities Limited	0.03	0.15
	Edelweiss Broking Limited	-	54.92
	Edelweiss Investment Adviser Limited	4.02	1.91
Donation to	EdelGive Foundation	56.00	36.40
Advisory fees paid to	Edelweiss Housing Finance Limited	23.04	16.77
Collateral management fees paid	Edelweiss Agri Value Chain Limited (Formerly known as Edelweiss Integrated Commodity Management Limited)	9.63	1.47
Rent paid to	Auris Corporate Centre Limited	3.06	-
	Burlington Business Solutions Limited	4.13	-
Remuneration paid to (refer note 2 below)	Raviprakash R. Bubna	99.77	80.13
	Himanshu Kaji	-	40.00
	Rashesh Shah	45.00	50.50



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.29 Disclosure of Related parties as required under AS 18-"Related Party Disclosures" (Continued)

Nature of Transaction	Related Party Name	2016	2015
<b>Balances with related parties</b>			
Short term borrowings	Edelweiss Financial Services Limited	-	51.46
	Edelweiss Commodities Services Limited	747.46	-
	Arum Investments Private Limited	147.70	-
Trade payables	Edelweiss Financial Services Limited	274.66	14.54
	Edelweiss Finance & Investments Limited	14.29	-
	Edelweiss Housing Finance Limited	25.00	17.16
	Edelweiss Broking Limited	0.49	0.03
	Edelweiss Agri Value Chain Limited (formerly known as Edelweiss Integrated Commodity Management Limited)	1.07	1.65
	Edelweiss Investment Adviser Limited	0.66	-
	ECap Equities Limited	-	24.58
	Edelweiss Web Services Limited	0.57	-
Non convertible debentures (borrowings)	Edelweiss Commodities Services Limited	618.44	1,870.52
	Edelweiss Finance & Investments Limited	72.30	181.13
	Edelweiss Tokio Life Insurance Company Limited	12.67	-
	ECap Equities Limited	92.20	1,148.20
Other payables	Edelweiss Commodities Services Limited	11.47	-
	Edelweiss Retail Finance Limited	1.17	-
	Arum Investments Private Limited	0.11	-
	Burlington Business Solutions Limited	4.31	-
	Auris Corporate Centre Limited	3.20	-
Interest accrued and due on borrowings	Edelweiss Financial Services Limited	-	10.64
	Edelweiss Commodities Services Limited	22.44	-
	Arum Investments Private Limited	0.04	-
Interest accrued but not due on borrowings	Edelweiss Commodities Services Limited	52.41	8.63
	ECap Equities Limited	28.28	230.97
Remuneration payable	Raviprakash R. Bubna	90.00	72.50
	Himanshu Kaji	-	40.00
	Rashesh Shah	45.00	50.50
Corporate guarantee taken from	Edelweiss Financial Services Limited	33,881.70	34,494.10
Investments in equity shares	Aeon Credit Services India Pvt Ltd	227.50	102.50
Investments in preference shares	Edelweiss Commodities Services Limited	1,000.00	1,000.00
	ECap Equities Limited	1,800.00	1,800.00
	Edelweiss Investment Adviser Limited	220.00	220.00
	Edelweiss Broking Limited	600.00	600.00
Trade receivables	Edelweiss Web Services Limited	0.58	0.61
	Edelweiss Financial Services Limited	1.58	-
	Edelweiss Housing Finance Limited	0.74	-
	Edelweiss Finance & Investments Limited	0.25	-
	Edelweiss Securities Limited	598.38	204.69
Loans and advances			
Secured	Ravi R Bubna HUF	38.44	-
	Edelweiss Commodities Services Limited	-	1,500.00
Other assets			
Accrued interest on loans given	Edelweiss Commodities Services Limited	-	9.55
	Edelweiss Global Wealth Management Limited	-	0.07





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.29 Disclosure of Related parties as required under AS 18-"Related Party Disclosures" (Continued)

Nature of Transaction	Related Party Name	2016	2015
<b>Short-term loans and advances</b>			
Advances recoverable in cash or in kind or for value to be received	Edelweiss Financial Services Limited	1.48	-
	Edelweiss Securities Limited	0.80	-
	Edelweiss Finance & Investments Limited	-	0.65
	Others-Fellow Subsidiaries	0.19	0.12
<b>Other current assets</b>			
Accrued interest on margin	Edelweiss Securities Limited	0.38	1.92
Margin money balance with	Edelweiss Securities Limited	1,012.57	393.00
^ Amount is less than Rs 0.01 million			

Note 1 : The intra group loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed / refund received with/ from related parties are disclosed based on the maximum incremental amount given/taken and placed / refund received during the reporting period.

Note 2: Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis.

### Disclosure of loans and advances pursuant to regulation 53 of the Securities and Exchange Board of India (SEBI) (Listing obligations and disclosure requirements) Regulations, 2015:

Rs Nil (Previous year: Nil) due from Edelweiss Financial Services Limited (maximum amount due at any time during the year Rs.21.91 million;  
Previous year: Rs Nil)

### 2.30 Earnings per share

In accordance with Accounting Standard 20 on earnings per shares as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

Particulars	2016	2015
a) Shareholders earnings (as per statement of profit and loss)	2,500.63	1,829.38
b) Calculation of weighted average number of equity shares of Re 1 each:		
- Number of equity shares outstanding at the beginning of the year	1,891.85	1,891.85
- Number of equity shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	1,891.85	1,891.85
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	1,891.85	1,891.85
Basic and diluted earnings per share (in rupees) (a/b)	1.32	0.97

The basic and diluted earnings per share are the same as there are no dilutive/ potential equity shares issued or outstanding as at the year end.





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.31 Disclosure pursuant to Accounting Standard 15 (Revised)-Employee benefits

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

Amount of Rs.31.64 million (previous year: Rs.19.87 million) is recognised as expenses and included in "Employee benefit expenses"

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

The following tables summarize the components of the net employee benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the Gratuity benefit plan.

##### Statement of profit and loss

##### Net employee benefit expenses (recognized in employee cost)

	2016	2015
Current service cost	8.66	5.91
Interest cost	2.37	1.74
Expected Return on plan assets	(2.27)	(1.32)
Actuarial loss	5.07	0.10
<b>Employer expense</b>	<b>13.83</b>	<b>6.43</b>

##### Balance Sheet

##### Changes in the present value of the defined benefit obligation (DBO) are as follows:

	2016	2015
Present value of DBO at start of year	29.87	19.38
Interest cost	2.37	1.74
Current service cost	8.66	5.91
Transfer In	0.55	0.14
Benefits paid	(1.31)	(0.08)
Actuarial loss	4.50	2.78
<b>Present value of DBO at end of year</b>	<b>44.64</b>	<b>29.87</b>

##### Changes in the Fair Value of Plan Assets are as follows:

	2016	2015
Fair value of plan assets at start of year	29.79	12.23
Expected Return on Plan Assets	2.27	1.32
Contributions by Employer	15.01	13.64
Benefits paid	(1.31)	(0.08)
Actuarial (loss)/ gain:	(0.59)	2.68
<b>Fair value of plan assets at end of the year</b>	<b>45.17</b>	<b>29.79</b>

##### Amount Recognised in the Balance Sheet:

Particulars	2016	2015	2014	2013	2012
Present value of DBO	44.64	29.87	19.38	11.54	3.88
Fair value of plan assets	45.17	29.79	12.23	5.12	4.33
<b>Net (Assets)/Liability</b>	<b>(0.53)</b>	<b>0.08</b>	<b>7.15</b>	<b>6.42</b>	<b>(0.45)</b>

##### Experience Adjustment :

Particulars	2016	2015	2014	2013	2012
On Plan Liabilities: (Gain)/ Loss	3.74	0.03	2.33	4.06	(0.27)
On Plan Assets: Gain/ (Loss)	(0.64)	2.68	0.65	(0.22)	0.03
Estimated contribution for next year	-	-	7.00	(6.50)	-

##### Principle actuarial assumptions at the balance sheet date:

	2016	2015
Discount rate	7.40%	7.80%
Salary Growth Rate	7%	7%
Withdrawal / Attrition Rate (based on categories)	13%-25%	13%-25%



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.32 Encumbrances' on fixed deposits held by the Company

- i) Fixed deposit of Rs.97.00 million(Previous Year: Rs. Nil) have been pledged with HDFC bank and Rs 9.30 million (previous year : Rs Nil) with Standard Chartered bank for meeting margin requirement for trading in interest rate swaps.
- ii) Fixed deposit of Rs.455.00 million(Previous Year: Rs.920.00 million) have been pledged with ICICI bank and Rs 185.00 million (Previous year : Rs Nil) with Axis Bank for meeting margin requirement for trading in cross currency swap and forward margin.
- iii) Fixed deposit of Rs.45.00 million (Previous Year: Rs.45.00 million) have been pledged with Bank of India for bank guarantee for Non convertible debenture listing.
- iv) Fixed deposit of Rs. 50.00 million (Previous Year: Rs.50.00 million) have been pledged with Ratnakar bank for bank guarantee for Non convertible debenture listing.
- v) Fixed deposit of Rs.80.51million (Previous Year : Rs.80.51 million ) have been pledged with ING Vyasa for Securitization.
- vi) Fixed deposit of Rs.57.64 million(Previous Year : Rs.57.64 million) have been pledged with Yes Bank for Securitization.
- vii) Fixed deposit of Rs.1.80 million (Previous Year : Rs.Nil) have been pledged with Bank of Baroda against Bank Overdraft.

### 2.33 Open interest in equity index/ stock futures

#### Long Position as at 31 March 2016

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	Nifty	Hedging	26-May-16	1,174	88,050
2	Nifty	Hedging	28-Apr-16	3,329	249,675

#### Short Position as at 31 March 2016

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	Bank Nifty	Hedging	28-Apr-16	2,650	79,500

#### Long Position as at 31 March 2015

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	Bank Nifty	Hedging	30-Apr-15	84	2,100
2	Nifty	Hedging	30-Apr-15	3,102	155,100

### Open interest in Currency derivatives with exchanges

#### Long Position as at 31 March 2016

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	USDINR	Hedging	27-Apr-16	45,000	45,000,000

#### Long Position as at 31 March 2015

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	USDINR	Hedging	28-Apr-15	30,000	30,000,000

### Open interest in Interest rate derivatives with exchanges

#### Long Position as at 31 March 2016

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	FUTIRC	Hedging	28-Apr-16	322	644,000

#### Long Position as at 31 March 2015

No.	Particulars	Purpose	Expiry date	No. of Contracts	No. of units
1	FUTIRC	Hedging	30-Apr-15	500	1,000,000





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.34 Option contracts outstanding:

#### Index/Stock

No.	Name of the option – Index / Stock	Purpose	Total premium carried forward (net of provision made) as at	
			31 March 2016	31 March 2015
1	Purchase of option- Nifty	Hedging	50.85	30.66
2	Sale of option- Nifty	Hedging	168.99	103.40

### 2.35 Open interest in interest rate derivatives other than exchanges:

Benchmark	Purpose	Notional Principal ( in million)	Terms
<i>As at 31 March 2016</i>			
MIBOR	Hedging	18,600.00	Pay fixed vs. receive floating
MIBOR	Hedging	10,000.00	Pay floating vs. receive fixed
<i>As at 31 March 2015</i>			
MIBOR	Hedging	7,500.00	Pay fixed vs. receive floating
MIBOR	Hedging	2,250.00	Pay floating vs. receive fixed

### 2.36 Open interest in currency derivatives other than exchanges :

Particulars	Purpose	Notional Principal as at 31 March 2016	Notional Principal as at 31 March 2015
USD INR	Hedging	7,193.31	8,294.38

### 2.37 Operating leases

The Company has taken premises on operating lease. Rental expenses for the year ended 31 March 2016 aggregated to Rs.35.24 million (Previous year: Rs. 19.82 million) which has been included under the head other expenses – Rent in the Statement of profit and loss.

Details of future minimum lease payments for the non-cancellable operating lease are as follows :

	2016	2015
<b>Minimum lease payments for non cancellable lease</b>		
- Not later than one year	0.01	-
- later than one year and not later than five years	-	-
- later than five years	-	-
<b>Total</b>	<b>0.01</b>	<b>-</b>

### 2.38 Contingent liabilities and commitments

#### Contingent liabilities

- Taxation matters of Assessment year 2008-09 and Assessment year 2010-11 in respect of which appeal is pending Rs.0.54 million (Previous year: Rs. 0.54 million).
- Litigation pending against the Company amounting to Rs. 10.31 million (Previous year: Rs. 10.86 million).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income Tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. 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.

#### Commitments

- Uncalled liabilities on non-current investment of Rs. 168.75 million as at balance sheet date (Previous year: Rs. 181.25 million).
- Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs 1.24 million (Previous year: Rs 3.85 million ).
- Undrawn committed credit lines Rs. 7,404.82 million as at balance sheet date (Previous year: Rs. 1,475.45 million).





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.39 Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like common senior management compensation cost, rent expenditure, etc. which is for the benefit of itself and its certain subsidiaries including ECL Finance Limited. This cost so expended is reimbursed by ECL Finance Limited on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. On the same lines, employees' cost expended by ECL Finance Limited for the benefit of fellow subsidiaries is recovered by ECL Finance Limited. Accordingly, and as identified by the management, the expenditure heads in notes no. 2.25 and 2.27 include reimbursements paid and are net of the reimbursements received based on the management's best estimates.

### 2.40 Details of dues to micro, small and medium enterprises

Trade Payables includes Rs.Nil (Previous year: 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.

### 2.41 Details of Secured Debentures

Details of the Secured Debentures as at 31 March 2016

Interest rate range	Maturity				Total
	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	
9%-10%	7,275.00	2,000.00	571.47	-	9,846.47
10%-11%	8,383.47	2,600.00	6,957.82	5,510.00	23,451.29
11%-12%	470.00	1,752.85	1,714.69	3,574.16	7,511.70
Above 12%	-	-	-	-	-
Benchmark linked Debentures	1,244.67	966.97	5,374.35	8,958.58	16,544.57
<b>Total</b>	<b>17,373.14</b>	<b>7,319.82</b>	<b>14,618.33</b>	<b>18,042.74</b>	<b>57,354.03</b>

Details of the Secured Debentures as at 31 March 2015

Interest rate range	Maturity				Total
	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	
8%-9%	-	1,639.51	-	-	1,639.51
9.01%-10%	-	-	-	-	-
10.01%-11%	5,758.47	7,529.29	5,000.00	1,050.00	19,337.76
11.01%-12%	2,961.71	-	3,470.29	-	6,432.00
Above 12%	-	-	-	150.00	150.00
Benchmark linked Debentures	438.50	3,483.53	4,408.34	5,319.48	13,649.85
<b>Total</b>	<b>9,158.68</b>	<b>12,652.33</b>	<b>12,878.63</b>	<b>6,519.48</b>	<b>41,209.12</b>

- The Company has an asset cover in excess of 125% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs.4,000 million (previous year : Rs 4,000 million) by way of charge on immovable property, floating charge on movable properties in the form of receivables.
- The Company has an asset cover in excess of 125% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs. 3,429.60 million(previous year Rs 6,200.61 million) by way of charge on immovable property, floating charge on movable properties in the form of stock-in-trade and receivables and corporate guarantee from holding company.
- The Company has an asset cover in excess of 120% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs.1,714.70 million(previous year Rs 1,639.50 million) by way of charge on immovable property and floating charge on movable properties in the form of stock-in-trade and receivables.
- The Company has an asset cover in excess of 100% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs. 24,599.50 million( previous year Rs 5,637.99 million) by way of charge on immovable property and floating charge on movable properties in the form of stock-in-trade and receivables.
- The Company has an asset cover in excess of 100% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs.23,610.26 million(previous year : Rs 22,622.31 million) by way of charge on immovable property and floating charge on movable properties in the form of receivables. The above Rs.23,610.26 million (previous year : Rs 22,622.31 million) includes Rs.12,892.76 million(previous year : Rs.12,892.76 million) public issue.
- The Company has an asset cover in excess of 125% in accordance with the terms of the trust deed in respect of listed Secured Redeemable Non-convertible Debentures aggregating to Rs Nil (previous year Rs. 1,108.71 million) by way of charge on immovable property, floating charge on movable properties in the form of receivables and corporate guarantee from holding company.
- 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).



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.41 Details of secured debentures (Continued)

- i) During the year, the Company has raised Rs.Nil ( Previous year : Rs 7,768.75million) (net of issue expenses) ("net proceeds") through issue of Nil (previous year : 7,892,759) number of Redeemable Non-Convertible Debentures vide a Public Issue. As at March 31 2016 and March 31, 2015, the Company has utilised the whole of the aforementioned net proceeds towards the objects of the issue as stated in the Prospectus.

- j) Debt Equity and Asset cover Ratio:

Debt Equity Ratio		
	2016	2015
<b>Shareholder's fund</b>		
Paid up capital	1,891.85	1,891.85
Add: Reserve and surplus	17,930.45	15,479.16
Less: Deferred tax asset	917.01	637.42
<b>Equity (A)</b>	<b>18,905.29</b>	<b>16,733.59</b>
<b>Debt</b>		
Long-term borrowings	65,632.49	60,635.28
Short-term borrowings	47,333.91	28,909.35
Current maturities of long term debt	27,201.94	13,957.13
<b>Total Debt (B)</b>	<b>140,168.34</b>	<b>103,501.76</b>
<b>Debt equity Ratio (B/A)</b>	<b>7.41</b>	<b>6.19</b>

Asset cover Ratio		
	2016	2015
<b>Assets available</b>		
Loans and advances <sup>@</sup>	121,703.22	98,266.10
Stock in trade	30,762.84	16,387.90
<b>Total (A)</b>	<b>152,466.06</b>	<b>114,654.00</b>
<b>Secured debt</b>		
Long-term Secured borrowings	57,232.49	52,435.28
Short-term Secured borrowings	37,072.69	23,319.78
Current maturities of secured long term debt	27,201.94	13,957.14
<b>Total (B)</b>	<b>121,507.12</b>	<b>89,712.20</b>
<b>Asset cover (A/B)</b>	<b>1.25</b>	<b>1.28</b>

<sup>@</sup> Includes debentures in the nature of loan and advances, hereinafter referred to as loans and advances

### 2.42 Details of unsecured debentures

Details of the unsecured debentures as at 31 March 2016

Rate of Interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
10.60%	100.00	-	-	-	100.00
10.62%	100.00	-	-	-	100.00
11.25%	4,000.00	-	-	-	4,000.00
12.00%	4,200.00	-	-	-	4,200.00
<b>Total</b>	<b>8,400.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,400.00</b>

Details of the unsecured debentures as at 31 March 2015

Rate of Interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
11.25%	4,000.00	-	-	-	4,000.00
12.00%	4,200.00	-	-	-	4,200.00
<b>Total</b>	<b>8,200.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,200.00</b>

During the year, the Company has raised Rs.Nil (Previous year : Rs 3,903.15 million) (net of issue expenses) ("net proceeds") through issue of Nil (previous year : 4,000,000) number of unsecured redeemable non-convertible debentures vide a Public Issue.

As at 31 March 2016 and 31 March 2015, the Company has utilised the whole of the aforementioned net proceeds towards the objects of the issue as stated in the Prospectus.





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.43 Details of the loan taken from Banks and other parties

As at 31 March 2016

Rate of Interest	Maturity			Total
	< 1 Year	1 - 3 Years	> 3 Years	
10.00% - 10.25%	1,455.56	1,544.44	333.33	3,333.33
10.26% - 10.50%	-	-	-	-
10.51% - 10.75%	7,506.24	9,984.11	3,849.58	21,339.93
10.76% - 11.00%	1,866.67	1,208.28	375.00	3,449.95
11.01% - 11.25%	430.74	269.86	156.58	857.18
11.26% - 11.50%	400.00	200.00	-	600.00
<b>Total</b>	<b>11,659.21</b>	<b>13,206.69</b>	<b>4,714.49</b>	<b>29,580.39</b>

As at 31 March 2015

Rate of Interest	Maturity			Total
	< 1 Year	1 - 3 Years	> 3 Years	
11.01% - 11.25%	9,808.81	11,983.61	4,543.28	26,335.69
11.26% - 11.50%	282.01	750.00	468.75	1,500.76
<b>Total</b>	<b>10,090.82</b>	<b>12,733.61</b>	<b>5,012.03</b>	<b>27,836.46</b>

All the above term loans are secured by charge on receivables from financing business. Of the above, term loans amounting to Rs 19,641.40 million (Previous year : Rs 20,424.88 million) are secured by corporate guarantee from holding company in addition to the charge on receivables from financing business.

### 2.44 Details of purchase, sale and change in stock in trade

	2016	2015
<b>Opening stock</b>		
Equity shares	-	-
Preference shares	277.65	30.04
Debt instruments	23,186.29	5,043.84
Mutual Fund	10.00	1,758.74
<b>Total</b>	<b>23,473.94</b>	<b>6,832.62</b>
<b>Purchase</b>		
Equity shares	27.69	-
Preference shares	871.57	2,076.63
Debt instruments	360,176.31	260,304.15
Mutual Fund	271,470.00	81,136.95
<b>Total</b>	<b>632,545.57</b>	<b>343,517.73</b>
<b>Sales</b>		
Equity shares	27.63	-
Preference shares	1,148.75	1,862.97
Debt instruments	331,138.71	242,413.85
Mutual Fund	265,224.67	83,096.44
<b>Total</b>	<b>597,539.76</b>	<b>327,373.26</b>
<b>Closing stock</b>		
Equity shares	-	-
Preference shares	-	277.65
Debt instruments	52,285.77	23,186.29
Mutual Fund	6,460.00	10.00
<b>Total</b>	<b>58,745.77</b>	<b>23,473.94</b>
<b>Profit/(loss) on sale of securities</b>	<b>266.02</b>	<b>496.85</b>





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.45 Key Ratios

The Following table sets forth, for the periods indicated, the key financial ratios

	2016	2015
Gross NPAs as a percentage of Total Loans and Advance <sup>1</sup>	1.88%	1.67%
Net NPAs as a percentage of Total Advance <sup>1</sup>	0.48%	0.30%
Book Value per share (Rs.) <sup>2</sup>	10.48	9.18
Current Ratio <sup>3</sup>	1.40	1.51
Debt to Equity Ratio (refer note 2.41)	7.41	6.19
Return on average Equity <sup>4</sup> (%)	13.45%	11.10%
Return on average assets <sup>5</sup> (%)	1.67%	1.77%

1. Loans and Advance include debentures in the nature of loan

2. Book Value per share = Equity share capital and reserves and surplus / Number of equity shares

3. Current ratio is the ratio of current assets to current liabilities.

4. Return on average equity is the ratio of the profit for the year to the annual average equity share capital and reserves and surplus.

5. Return on average assets is the ratio of the profit for the year to the annual average total assets.

### 2.46 Banking facilities

The Company has obtained borrowing facilities from below mentioned banks:

1 Abu Dhabi Commercial Bank	19 Punjab & Sind Bank
2 Allahabad Bank	20 Punjab National Bank
3 Andhra Bank	21 RBL Bank
4 Bank of Baroda	22 Small Industries Development Bank of India
5 Bank of India	23 State Bank of Bikaner & Jaipur
6 Bank of Maharashtra	24 State Bank of Hyderabad
7 Canara Bank	25 State Bank of India
8 Central Bank of India	26 State Bank of Travancore
9 Corporation Bank	27 Syndicate Bank
10 Dena Bank	28 Tamilnad Mercantile Bank
11 Federal Bank	29 UCO Bank
12 IDBI Bank	30 Union Bank of India
13 IndusInd Bank	31 Vijaya Bank
14 Kotak Mahindra Bank	32 Yes Bank
15 Karnataka Bank	33 CITI Bank
16 Karur Vysya Bank	34 HDFC Bank
17 Lakshmi Vilas Bank	35 State Bank of Patiyala
18 Oriental Bank of Commerce	36 South Indian Bank

### 2.47 Investments

	2016	2015
1) Value of Investments		
i) Gross Value of Investments		
a) In India	8,493.59	7,161.34
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	8,493.59	7,161.34
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.48 Foreign currency

The Company has undertaken the following transactions in foreign currency

	2016	2015
<b>Expenditure incurred in foreign currency (on accrual basis)</b>		
Membership and subscription	1.50	0.58
Legal & Professional Fees	0.48	-
<b>Total</b>	<b>1.98</b>	<b>0.58</b>

### 2.49 Derivatives

#### A) Forward Rate Agreement / Interest Rate Swap

	2016	2015
i) The notional principal of swap agreements	28,600.00	9,750.00
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	14.87	22.75
iii) Collateral required by the NBFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps*	100%	100%
v) The fair value of the swap book	(227.66)	21.09

\* % of concentration of credit risk arising from swaps with banks

#### B) Exchange Traded Interest Rate (IR) Derivatives

	2016	2015
i) Notional principal amount of exchange traded IR derivatives undertaken during the year	4,383.20	-
ii) Notional principal amount of exchange traded IR derivatives outstanding	64.40	-
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

#### C) Qualitative disclosure for derivatives

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.

#### D) Quantitative disclosure

	2016		2015	
	Currency Derivative	Interest Rate Derivatives	Currency Derivative	Interest Rate Derivatives
i) Derivatives (Notional Principal Amount)				
- For hedging	10,178.29	28,664.40	10,172.10	9,750.00
ii) Marked to Market Positions				
a) Assets (+)	139.64	14.87	37.83	22.75
b) Liability (-)	-	(242.52)	-	(1.67)
iii) Credit Exposure	143.87	276.00	391.13	86.25
iv) Unhedged Exposures	4,311.64	-	6,572.03	-





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.50 Capital to Risk Assets Ratio (CRAR)

	2016	2015
i) CRAR (%)	16.56%	17.72%
ii) CRAR - Tier I capital (%)	11.34%	11.68%
iii) CRAR - Tier II Capital (%)	5.22%	6.04%
iv) Amount of subordinated debt raised as Tier-II capital	8,400.00	8,200.00
v) Amount raised by issue of Perpetual Debt Instruments	-	-

### 2.51 Securitisation/ Direct Assignment:

The Company sells loans through securitisation and direct assignment.

The information on securitisation of the Company as an originator in respect of securitisation transaction done during the year is given below:

	2016	2015
Total number of loan assets under par structure	-	-
Total book value of loan assets	-	-
Sales consideration received	-	-

The information on securitisation of the Company as an originator in respect of outstanding amount of securitized assets is given below:

	2016	2015
1 No. of SPVs sponsored by the NBFC for securitisation transactions	2	2
2 Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	445.83	643.78
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	44.58	64.38
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	44.58	64.38
- Others	-	-
4 Amount of exposures to securitisation transactions other than MRR	93.58	73.78
a) Off-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own securitisations		
- First loss	93.58	73.78
- Others	-	-
ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

	2016	2015
i) No. of accounts	-	-
ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
iii) Aggregate consideration	-	-
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.51 Securitisation/ Direct Assignment: (Continued)

The information on direct assignment of the Company as an originator in respect of par transaction done during the year is given below :

	2016	2015
Total number of loan assets under par structure	50	50
Total book value of loan assets	322.18	359.78
Sales consideration received	322.18	359.78

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:

	2016	2015
1 No. of transactions assigned by the NBFC	4	2
2 Total amount outstanding	685.23	606.44
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	76.14	67.38
a) Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
- First loss	-	-
- Others	76.14	67.38
4 Amount of exposures to assignment transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own assignments		
- First loss	-	-
- Others	-	-
ii) Exposure to third party assignments		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
i) Exposure to own assignments		
- First loss	-	-
- Others	-	-
ii) Exposure to third party assignments		
- First loss	-	-
- Others	-	-

Details of assignment transactions as at 31 March 2016

	2016	2015
i) No. of accounts	193	143
ii) Aggregate value (net of provisions) of accounts sold	1,041.74	719.55
iii) Aggregate consideration	1,041.74	719.55
iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
v) Aggregate gain / loss over net book value	-	-

### Details of non-performing financials assets purchased / sold

During the year the Company has neither purchased nor sold any non-performing financials assets. (Previous year : Nil)



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.52 Exposure to real estate sector, both direct and indirect

	2016	2015
<b>A Direct Exposure</b>		
(i) 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)	4,022.49	4,349.70
(ii) 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.	33,956.39	28,694.92
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
- Residential	-	-
- Commercial Real Estate	-	-
<b>B Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
<b>C Others (not covered above)</b>	8,515.45	6,540.70

### 2.53 Exposure to Capital Market

	2016	2015
i) 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	329.39	270.06
ii) 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	9,941.43	7,109.12
iii) 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	34,722.31	28,717.49
iv) 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	1,072.19	21.60
v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	314.22	675.95
vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) bridge loans to companies against expected equity flows / issues	-	-
viii) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
ix) others (not covered above)	2,820.79	7,821.48





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.54 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

As at 31 March 2016

Particulars	Liabilities		Loans and Advances	Assets	
	Borrowings from Banks	Other Borrowings		Investments	Stock in Trade
1 day to 30/31 days (One month)	279.17	25,075.65	16,568.77	-	27,328.05
Over One months to 2 months	1,041.67	7,517.20	4,456.18	-	1,000.00
Over 2 months up to 3 months	2,263.64	3,384.59	3,436.33	-	-
Over 3 months to 6 months	2,096.97	3,640.31	2,797.14	102.32	2,434.78
Over 6 months to 1 year	16,382.04	12,854.61	28,272.02	-	-
Over 1 year to 3 years	12,228.99	22,925.07	44,397.12	-	-
Over 3 years to 5 years	4,556.68	17,416.85	13,887.54	2,742.77	-
Over 5 years	-	8,504.90	7,888.13	5,648.50	-
<b>Total</b>	<b>38,849.16</b>	<b>101,319.18</b>	<b>121,703.23</b>	<b>8,493.59</b>	<b>30,762.83</b>

As at 31 March 2015

Particulars	Liabilities		Loans and Advances	Assets	
	Borrowings from Banks	Market Borrowings		Investments	Stock in Trade
1 day to 30/31 days (One month)	217.86	14,986.16	9,944.20	37.26	15,392.76
Over One months to 2 months	233.33	2,651.13	6,488.38	-	-
Over 2 months up to 3 months	1,090.38	958.51	4,609.83	-	-
Over 3 months to 6 months	3,033.08	903.19	5,749.96	0.43	-
Over 6 months to 1 year	12,232.79	8,199.57	27,445.72	130.30	995.14
Over 1 year to 3 years	12,733.61	23,891.45	33,668.57	-	-
Over 3 years to 5 years	5,012.03	4,788.68	3,286.34	1,470.85	-
Over 5 years	-	12,570.00	7,073.10	5,522.50	-
<b>Total</b>	<b>34,553.08</b>	<b>68,948.69</b>	<b>98,266.10</b>	<b>7,161.34</b>	<b>16,387.90</b>

### 2.55 Movements in Non Performing Advances:

The following table sets forth, for the periods indicated, the details of movement of gross Non-performing assets (NPAs), net NPAs and provision

	2016	2015
<b>i) Net NPAs to Net advances (%)</b>	<b>0.49%</b>	<b>0.30%</b>
<b>ii) Movement of NPAs (Gross)</b>		
a) Opening Balance	1,641.05	753.08
b) Additions during the year	1,810.07	1,181.14
c) Reductions during the year*	1,167.19	293.17
d) Closing balance	2,283.93	1,641.05
<b>iii) Movement of Net NPAs</b>		
a) Opening Balance	294.26	208.60
b) Additions during the year	512.27	170.48
c) Reductions during the year	221.42	84.82
d) Closing balance	585.11	294.26
<b>iv) Movement of Provisions for NPAs (excluding provision on Standard assets)</b>		
a) Opening Balance	1,346.79	544.48
b) Additions during the year	1,297.79	1,010.66
c) Reductions during the year	945.76	208.35
d) Closing balance	1,698.82	1,346.79

\* Includes NPA written off during the year Rs 759.13 million (Previous year: Rs 173.46 million)





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.56 Details of 'Provisions and Contingencies'

Breakup of provisions and contingencies shown under the head other expenses in the Statement of Profit and loss	2016	2015
i) Provisions for depreciation on Investment	-	-
ii) Provision towards NPA	351.81	802.31
iii) Provision made towards Income tax	1,288.19	938.61
iv) Provision for Standard Assets including restructured and others	47.55	189.39
v) Other Provision and Contingencies		
a) Provision for doubtful debts	-	4.02
b) Provision for credit loss on securitisation	(1.67)	(1.77)

### 2.57 Concentration of Deposits, Advances, Exposures and NPAs

	2016	2015
<b>A) Concentration of Advances</b>		
Total Advances to twenty largest borrowers	41,452.66	36,402.00
% of Advances to twenty largest borrowers to Total Advances	34.06%	37.04%
<b>B) Concentration of Exposures <sup>S</sup></b>		
Total Exposures to twenty largest borrowers / Customers	43,252.66	39,552.00
% of Exposures to twenty largest borrowers / Customers to Total Advances	35.54%	37.52%
<b>C) Concentration of NPAs</b>		
Total Exposures to top Four NPAs	1.75%	0.96%
<b>D) Sector-wise NPAs</b>		
<b>Sectors/Particulars</b>	<b>% of NPAs to Total Advances in that sector</b>	
	2016	2015
1 Agriculture & allied activities	0.00%	0.00%
2 MSME	0.00%	0.00%
3 Corporate borrowers	2.86%	1.81%
4 Services	0.00%	0.00%
5 Unsecured personal loans	0.15%	0.16%
6 Auto loans	0.00%	0.00%
7 Other personal loans	0.82%	1.40%

<sup>S</sup> - includes Loans and advances and investments

### 2.58 Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company:

During the year ended 31 March 2016 and 31 March 2015, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

### 2.59 Customer Complaints

	2016	2015
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	18	60
(c) No. of complaints redressed during the year	18	60
(d) No. of complaints pending at the end of the year	-	-



**ECL Finance Limited**  
Notes to the financial statements (Continued)  
(Currency: Indian rupees in millions)

2.60 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)

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	
1	Details	No. of borrowers	-	-	-	-	-	6	1	-	-	7	6	1	-	-	7	
		Amount outstanding	-	-	-	-	-	620.51	197.13	-	-	817.64	620.51	197.13	-	-	817.64	
		Provision thereon	-	-	-	-	-	93.08	29.57	-	-	122.65	93.08	29.57	-	-	122.65	
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	3	-	-	3	-	3	-	-	3	
		Amount outstanding	-	-	-	-	-	-	55.33	-	-	55.33	-	55.33	-	-	55.33	
		Provision thereon	-	-	-	-	-	-	55.33	-	-	55.33	-	55.33	-	-	55.33	
3	Upgradations of restructured accounts to Standard category	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	4	4	-	-	8	4	4	-	-	8	
		Amount outstanding	-	-	-	-	-	3.97	3.97	-	-	7.94	3.97	3.97	-	-	7.94	
		Provision thereon	-	-	-	-	-	3.97	3.97	-	-	7.94	3.97	3.97	-	-	7.94	
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	1	-	-	1	-	1	-	-	1	
		Amount outstanding	-	-	-	-	-	-	96.73	-	-	96.73	-	96.73	-	-	96.73	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
7	Restructured accounts as on 31st Mar, 2016 (Closing figures)	No. of borrowers	-	-	-	-	-	2	7	-	-	9	2	7	-	-	9	
		Amount outstanding	-	-	-	-	-	255.72	59.30	-	-	315.02	255.72	59.30	-	-	315.02	
		Provision thereon	-	-	-	-	-	38.36	6.23	-	-	44.59	38.36	6.23	-	-	44.59	



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.61 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2016)

### Liabilities Side:

Particulars	Amount Outstanding		Amount Overdue	
	2016	2015	2016	2015
<b>1) Loans and advances availed by NBFC inclusive of interest accrued thereon but not paid</b>				
a) Debentures: (other than those falling within the meaning of Public deposit)*				
(i) Secured	62,471.40	45,013.37	-	-
(ii) Unsecured	-	-	-	-
b) Deferred Credits	-	-	-	-
c) Term Loans	29,715.99	27,852.21	-	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	9,366.07	5,538.11	-	-
f) Other loans	33,117.02	22,384.62	-	-
(i) Loan from Bank				
- Working Capital Demand Loan	2,262.23	-	-	-
- Overdraft	8,794.49	6,716.62	-	-

\* Please see Note 1 below

### Assets side:

	Amount Outstanding	
	2016	2015
<b>2) Break up of Loans and Advances including bills receivables</b> (other than those included in (3) below)		
a) Secured	117,561.22	92,868.66
b) Unsecured	4,142.00	5,397.44
<b>3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	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	-	-
<b>4) Break up of Investments</b>		
Current Investments:		
a) Quoted:		
(i) Shares: Equity	101.89	167.56
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	0.43	0.43
(iv) Government Securities	-	-
(v) Others	-	-





# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.61 Note to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2016) - Continued

	Amount Outstanding	
	2016	2015
b) Unquoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (Pass through certificates)	-	-
<b>4) Break up of Investments (Continued)</b>		
Long-Term Investments ( Net of Provision )		
a) Quoted:		
(i) Shares: Equity	-	-
Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
b) Unquoted:		
(i) Shares: Equity	227.50	102.50
Preference	5,420.00	5,420.00
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
- Investments in security receipts of trusts	2,685.16	64.29
- Investment in Units of E-STAR Fund	58.61	1,406.56

### 5) Borrower group-wise classification of assets financed as in (2) and (3) above

As at 31 March 2016

Particulars	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
2. Other than related parties	116,136.75	3,867.67	120,004.41
<b>TOTAL</b>	<b>116,136.75</b>	<b>3,867.67</b>	<b>120,004.41</b>

As at 31 March 2015

Particulars	Amount net of provisions		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	2,000.41	-	2,000.41
(c) Other related parties	-	-	-
2. Other than related parties	89,566.16	5,352.75	94,918.90
<b>TOTAL</b>	<b>91,566.56</b>	<b>5,352.75</b>	<b>96,919.31</b>



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

Particulars	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	2016	2015	2016	2015
1) Related parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	3,847.50	3,722.50	3,847.50	3,722.50
(c) Other related parties	-	-	-	-
2) Other than related parties	4,646.34	3,439.03	4,646.09	3,438.84
<b>TOTAL</b>	<b>8,493.84</b>	<b>7,161.53</b>	<b>8,493.59</b>	<b>7,161.34</b>

\*\* As per Accounting Standard 18 - Related Party Disclosures

### 7) Other Information

Particulars	2016	2015
a) Gross Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	2,283.93	1,641.05
b) Net Non-Performing Assets		
1) Related parties	-	-
2) Other than related parties	585.12	294.26
c) Assets acquired in satisfaction of debt	-	-

#### Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Market value/Breakup Value or Fair Value or NAV is taken as same as book value in case if unquoted shares in absence of market value / breakup value or fair value or NAV.

### 2.62 Details of transaction with non executive directors

Name of the Non executive director	Nature of Transaction	2016	2015
Rujan Panjwani (upto 19 Jan 16)	Loans given	14.17	610.43
	Loans repaid	29.86	595.28
	Interest received on loan	0.54	6.31
Vidya Shah	Loans given	335.14	100.94
	Loans repaid	428.68	9.40
	Interest on loan	1.38	0.39
PN Venkatachalam	Sitting fees	0.26	0.30
Sunil Mitra	Sitting fees	0.20	0.02



# ECL Finance Limited

## Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

### 2.63 Details of ratings assigned by credit rating agencies

As at 31 March 2016

Instrument category	CRISIL	ICRA	CARE	Brickworks
i) Long Term Instruments				
Rating	AA-/Stable	AA	AA	AA+
Amount	35,600.00	107,000.00	105,250.00	13,500.00
ii) Short term instruments				
Rating	A1+	A1+	A1+	-
Amount	36,000.00	37,000.00	36,000.00	-
iii) Market linked debentures				
a Short Term				
Rating	PP- MLD A1+R	PP-MLD [ICRA]A1+	-	-
Amount	12,000.00	9,000.00	-	-
b Long Term				
Rating	PP MLD AA -r/stable	PP-MLD [ICRA]AA	PP MLD-AA	-
Amount	12,250.00	6,000.00	8,000.00	-

As at 31 March 2015

Instrument category	CRISIL	ICRA	CARE	CARE	Brickworks
i) Long Term Instruments					
Rating	AA-/Stable	AA	AA		AA
Amount	37,250.00	79,500.00	77,750.00		11,500.00
ii) Short term instruments					
Rating	A1+	A1+	A1+		-
Amount	61,000.00	61,000.00	36,000.00		-
iii) Market linked debentures					
a Short Term					
Rating	PP- MLD A1+R	-	-		-
Amount	10,000.00	-	-		-
b Long Term					
Rating	PP MLD AA -r/stable	PP-MLD [ICRA]AA	PP MLD-AA		-
Amount	12,250.00	6,000.00	8,000.00		-

- 2.64 The Company has received demand notices from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

### 2.65 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of Companies Act 2013,

a) Gross Amount required to be spent by the Company during the year was Rs 55.96 million (previous year : Rs 39.34 million).

b) Amount spent during the year on :

Sr No	Particulars	In cash	2016	Total	In cash	2015	Total
			Yet to be paid in cash			Yet to be paid in cash	
i	Construction/ Acquisition of any assets	-	-	-	-	-	-
ii	on purpose other than (i) above	56.47	-	56.47	40.69	-	40.69





## ECL Finance Limited

### Notes to the financial statements (Continued)

(Currency: Indian rupees in millions)

2.66 Registration obtained from other financial sector regulators - None

2.67 Disclosure of Penalties imposed by RBI and other regulators- None

2.68 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.

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firms Registration No. 116231W /W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Raviprakash R. Bubna

Managing Director & CEO

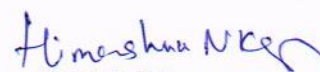
DIN: 00090160



Nilesh Sampat

Chief Financial Officer

Mumbai  
12 May 2016



Himanshu Kaji

Executive Director

DIN : 00009438



Tarun Khurana

Company Secretary

Mumbai  
12 May 2016