

INDEPENDENT AUDITOR'S REPORT

To the Members of ECL Finance Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of ECL Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter

We draw attention to Note 54Z to the Standalone Ind AS financial statements, which describes the economic and social disruption as a result of the COVID-19 pandemic of the Company's business and financial metrics including the Company's estimates of impairment of loans to customers and that such estimates may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

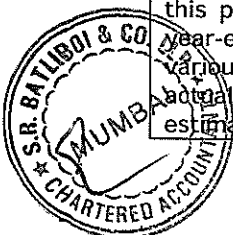
Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS financial statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the Standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Standalone Ind AS financial statements.



Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial assets at balance sheet date (expected credit losses) (as described in note 14 of the Standalone Ind AS financial statements)	
<p>Ind AS 109 requires the Company to provide for impairment of its financial assets as at the reporting date using the expected credit loss (ECL) approach. ECL involves an estimation of probability-weighted loss on financial instruments over their life, considering reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets (loan portfolio).</p> <p>In the process, a significant degree of judgement has been applied by the management for:</p> <ul style="list-style-type: none"> • Staging of financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Calculation of past default rates • Assigning rating grades to customers for which external rating is not available • Calibrating external ratings-linked probability of default to align with past default rates • Applying assumptions regarding the probability of various scenarios and discounting rates for different loan products • Grouping of the loan portfolio under homogenous pools in order to determine probability of default on a collective basis; • Estimation of management overlay for macro-economic factors which could impact the credit quality of the loans. <p>Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020, issued as part of the COVID-19 Regulatory Package ("RBI circular"), allowing lending institutions to offer moratorium to borrowers on payment of instalments falling due between March 1, 2020 and August 31, 2020, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.</p> <p>In management's view and considering the guidance provided by the Institute of Chartered Accountants of India, providing moratorium to borrowers at a mass scale, based on RBI directives, by itself is not considered to result in a SICR for such borrowers. The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated.</p>	<ul style="list-style-type: none"> • Read and assessed the Company's accounting policy for impairment of financial assets and its compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Read and assessed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Tested the operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3. • We performed test of details of the inputs used in the ECL computation, on a sample basis. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic). • Tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets. • Assessed disclosures included in the Standalone Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.



Key audit matters	How our audit addressed the key audit matter
In view of such high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is considered as a key audit matter.	
(b) Information technology (IT) systems and controls	
<p>The reliability and security of IT systems play a key role in the business operations and financial accounting and reporting process of the Company. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner. Any gaps in the IT control environment could result in a material misstatement of the financial accounting and reporting records.</p> <p>Therefore, due to the pervasive nature and complexity of the IT environment, the assessment of the general IT controls and the application controls specific to the accounting and preparation of the financial information is considered to be a key audit matter.</p>	<p>We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:</p> <ul style="list-style-type: none"> • The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls; • Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting; • Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. • Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system. • Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures.

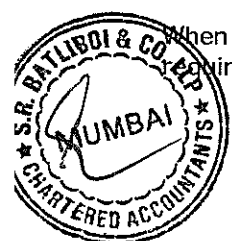
Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the Standalone Ind AS financial statements and our auditor's report thereon, which we obtained prior to the date of this auditors report, and the Annual report, which is expected to be made available to us after that date.

Our opinion on the Standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Standalone Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

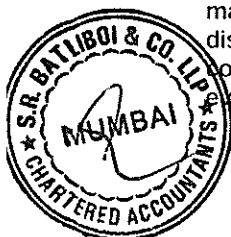
Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the Standalone Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

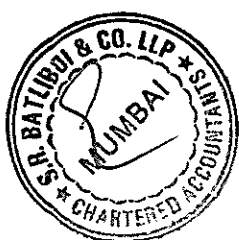
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 with reference to these Standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS financial statements – Refer Note 43 to the Standalone Ind AS financial statements;



S.R. BATLIBOI & Co. LLP

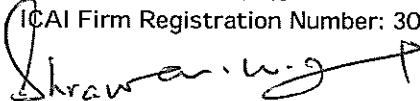
Chartered Accountants

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer Note 55C to the Standalone Ind AS financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 20102102AAAAHU1941

Mumbai

July 04, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

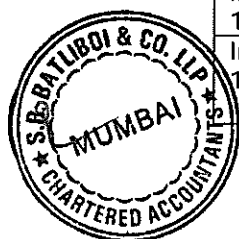
Re: ECL Finance Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, 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 by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loans to three parties covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans to three parties covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. As informed, the provisions of sales tax, wealth tax, value added tax, excise duty and customs duty are currently not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (Rs. in millions)*	Amount paid (Rs. in millions) *	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	259.90	121.30	AY 2013-14	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	80.60	40.00	AY 2014-15	The Commissioner of Income Tax (Appeals)



Name of the Statute	Nature of dues	Amount under dispute (Rs. in millions)*	Amount paid (Rs. in millions) *	Period to which it relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	115.46	5.00	AY 2015-16	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	174.73	-	AY 2016-17	The Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	5.61	1.12	AY 2017-18	The Commissioner of Income Tax (Appeals)

* Paid under protest

includes interest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments for the purposes for which they were raised.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

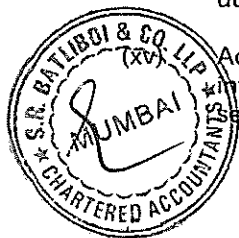
(xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, 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 notes to the Standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of equity shares and fully convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.



S.R. BATLIBOI & Co. LLP

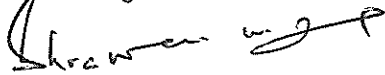
Chartered Accountants

- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 20102102AAAAHU1941

Mumbai

July 04, 2020



Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of ECL Finance Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS 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 issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

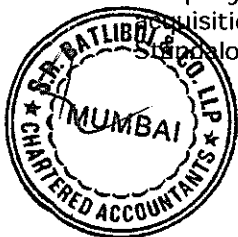
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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 Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

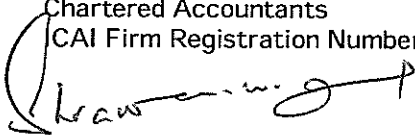
Opinion

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 March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S. R. Batliboi & Co. LLP

Chartered Accountants

CAI Firm Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership Number: 102102

UDIN: 20102102AAAAHU1941

Mumbai

July 04, 2020



ECL Finance Limited

Balance Sheet as at March 31, 2020

(Currency: Indian rupees in million)

	Note	As at March 31, 2020	As at March 31, 2019
Assets			
Financial assets			
(a) Cash and cash equivalents	9	18,128.42	985.40
(b) Bank balances other than cash and cash equivalents	10	7,505.14	470.24
(c) Derivative financial instruments	11	789.37	383.30
(d) Securities held for trading	12	13,611.35	18,379.37
(e) Receivables			
(i) Trade receivables	13	2,041.16	720.99
(f) Loans	14	1,28,184.40	2,37,966.74
(g) Other investments	15	49,747.70	10,750.80
(h) Other financial assets	16	3,181.39	1,964.72
		2,23,188.93	2,71,621.56
Non-financial assets			
(a) Current tax assets (net)	17	1,779.55	422.36
(b) Deferred tax assets (net)	18	4,752.95	1,486.22
(c) Investment property	19	1,162.00	-
(d) Property, plant and equipment	20	1,338.65	538.32
(e) Capital work in progress		-	13.52
(f) Intangible assets under development		10.60	54.00
(g) Other intangible assets	20	107.69	78.50
(h) Other non- financial assets	21	1,287.54	431.41
		10,438.98	3,024.33
Total assets		2,33,627.91	2,74,645.89
Liabilities and equity			
Liabilities			
Financial liabilities			
(a) Derivative financial instruments	11	955.35	476.83
(b) Trade payables			
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	22	1,503.41	3,413.31
(c) Debt securities	23	88,633.71	94,871.85
(d) Borrowings (other than debt securities)	24	93,177.45	1,13,287.45
(e) Subordinated liabilities	25	19,789.28	19,994.59
(f) Other financial liabilities	26	4,222.25	3,575.60
		2,08,281.45	2,35,619.63
Non-financial liabilities			
(a) Current tax liabilities (net)	27	192.61	289.96
(b) Provisions	28	24.61	29.29
(c) Other non-financial liabilities	29	345.63	212.49
		562.85	531.74
Equity			
(a) Equity share capital	30	2,138.27	2,138.27
(b) Other equity	31	22,645.34	36,356.25
		24,783.61	38,494.52
Total liabilities and equity		2,33,627.91	2,74,645.89

The accompanying notes are an integral part of the financial statements
As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firms Registration Number: 301003E/E300005

Shrawan V. J.

per Shrawan Jalan

Partner

Membership No: 102102



1 to 55

For and on behalf of the Board of Directors

Deepak Mittal
Deepak Mittal
Managing Director & CEO
DIN : 00010337

Sarja Simaria
Sarja Simaria
Chief Financial officer

Mumbai July 4, 2020

Vidya Shah
Vidya Shah
Executive Director
DIN : 00274831

Archibald Serrao
Archibald Serrao
Company Secretary

ECL Finance Limited

Statement of Profit and Loss for year ended March 31, 2020

(Currency: Indian rupees in million)

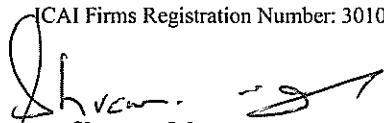
	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from operations			
Interest income	32	33,730.38	37,594.49
Dividend income	33	1,467.03	1,903.38
Fee and commission income	34	1,369.00	1,173.28
Net loss on fair value changes	35	(418.34)	(645.16)
Other income	36	28.46	148.59
Total Revenue		36,176.53	40,174.58
Expenses			
Finance costs	37	24,265.45	24,398.26
Net loss on derecognition of financial instruments	38	12,101.74	970.36
Impairment on financial instruments	39	11,252.98	1,498.41
Employee benefits expense	40	1,736.20	2,410.29
Depreciation, amortisation and impairment	20	200.60	106.53
Other expenses	41	4,294.79	2,961.28
Total expenses		53,851.76	32,345.13
(Loss)/Profit before tax		(17,675.23)	7,829.45
Tax expenses			
Current tax	42	(117.39)	2,398.62
Deferred tax (credit)		(3,413.25)	(228.00)
(Loss)/Profit for the year		(14,144.59)	5,658.83
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plans (OCI)		(0.55)	(5.08)
Deferred tax (charge) / benefit - OCI		(0.36)	1.78
Total		(0.91)	(3.30)
(b) Items that will be reclassified to profit or loss			
Revaluation of buildings		611.28	-
Deferred tax (charge) / benefit - OCI		(153.85)	-
Total		457.43	-
Other comprehensive income		456.52	(3.30)
Total comprehensive (loss) / income		(13,688.07)	5,655.53
Earnings per equity share	43		
(Face value of ₹ 1 each):			
Basic (INR)		(6.61)	2.73
Diluted (INR)		(6.61)	2.73

The accompanying notes are an integral part of the financial statements
As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

CAI Firms Registration Number: 301003E/E300005

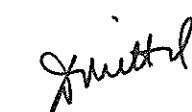

per Shrawan Jalan

Partner

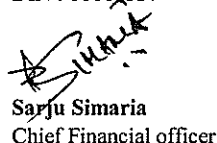
Membership No: 102102

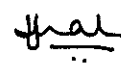


For and on behalf of the Board of Directors

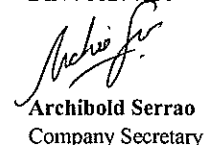


Deepak Mittal
Managing Director & CEO
DIN : 00010337


Sarju Simaria
Chief Financial officer



Vidya Shah
Executive Director
DIN : 00274831


Archibold Serrao
Company Secretary

Mumbai July 4, 2020

ECL Finance Limited

Statement of Changes in Equity for the year ended March 31, 2020

(Currency: Indian rupees in million)

A. Equity share capital

	For the year ended March 31, 2020			For the year ended March 31, 2019		
	Outstanding as on April 1, 2019	Issued during the year	Outstanding as on March 31, 2020	Outstanding as on April 1, 2018	Issued during the year	Outstanding as on March 31, 2019
Issued, subscribed and paid up* (Equity shares of Re.1 each, fully paid-up)	2,138.27	0*	2,138.27	1,948.11	190.16	2,138.27

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

B. Other Equity

	Securities premium	Retained earnings	Statutory reserve	Debenture redemption reserve	Deemed capital contribution - equity	Revaluation Reserve	Total attributable to equity holders
Balance as at 1st April 2018	7,983.01	13,327.50	3,892.54	1,720.61	140.02	-	27,063.68
Profit for the year	-	5,658.83	-	-	-	-	5,658.83
Other comprehensive income	-	(3.30)	-	-	-	-	(3.30)
Total comprehensive income	7,983.01	18,983.03	3,892.54	1,720.61	140.02	-	32,719.21
Securities premium on shares issued during the year	3,896.92	-	-	-	-	-	3,896.92
Income tax impact on ESOPs	-	(259.88)	-	-	-	-	(259.88)
Transferred to statutory reserve	-	(1,131.77)	1,131.77	-	-	-	-
Balance transferred to debenture redemption reserve	-	(2,117.26)	-	2,117.26	-	-	-
Balance as at March 31, 2019	11,879.93	15,474.12	5,024.31	3,837.87	140.02	-	36,356.25
(Loss) for the year	-	(14,144.59)	-	-	-	-	(14,144.59)
Other comprehensive income	-	(0.91)	-	-	-	457.43	456.52
Impact of Lease accounting (refer note 41.C)	-	(22.87)	-	-	-	-	(22.87)
Total comprehensive income	11,879.93	1,305.75	5,024.31	3,837.87	140.02	457.43	22,645.31
Securities premium on shares issued during the year	0.03	-	-	-	-	-	0.03
Balance as at March 31, 2020	11,879.96	1,305.75	5,024.31	3,837.87	140.02	457.43	22,645.34

As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

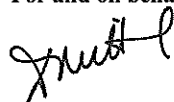
ICAI Firms Registration Number: 301003E/E300005



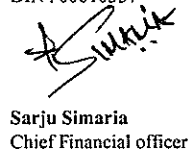
per Shrawan Jalan
Partner
Membership No: 102102

Mumbai July 4, 2020

For and on behalf of the Board of Directors



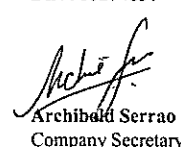
Deepak Mittal
Managing Director & CEO
DIN : 00010337


Sarju Simaria
Chief Financial officer

Mumbai July 4, 2020



Vidya Shah
Executive Director
DIN : 00274831


Archibald Serrao
Company Secretary



ECL Finance Limited

Statement of Cash flows for the year ended March 31, 2020.

(Currency: Indian rupees in million)

A. Operating activities

(Loss) / Profit before tax

(17,675.23) 7,829.45

Adjustments to reconcile profit before tax to net cash flows:

Depreciation and amortisation

200.60 106.53

Impairment of financial assets (net)

10,500.97 1,498.41

Fair value of financial instruments (net)

2,700.74 1,992.39

Expense on employee stock option scheme (ESOP)

46.66 45.69

Profit on sale of property, plant and equipment

(2.15) (1.29)

Interest on lease liabilities

28.85 -

Operating cash flow before working capital changes:

(4,199.56) 11,471.18

Adjustment for:

Decrease / (increase) in loans

1,02,190.18 (19,440.45)

(Increase) / decrease in trade receivables

(1,340.69) 4,753.53

Decrease in securities held for trading

3,032.05 4,697.13

(Increase) in other investments

(43,457.13) (5,304.60)

(Increase) / decrease in other financial assets

(8,867.75) 427.95

(Increase) in other non financial assets

(856.13) (216.54)

(Decrease) / Increase in trade payables

(1,956.56) 2,065.68

Increase in other financial liability

1,818.46 2,688.49

Increase / (decrease) in non financial liabilities and provisions

127.91 (84.58)

46,490.78 1,057.79

Income taxes paid

(1,337.13) (2,641.71)

Net cash generated / (used) in operating activities -A

45,153.65 (1,583.92)

B. Investing activities

Purchase of property, plant and equipment and intangible assets

(124.78) (143.43)

Purchase of investment property

(344.72) -

(Decrease) / Increase in capital work-in-progress and intangibles under development

56.92 (24.31)

Proceeds from sale of property, plant and equipment and intangible assets

6.13 4.64

Net cash used in investing activities -B

(406.45) (163.10)

C. Cash flow from financing activities

Proceeds from issuance of share capital (including securities premium)

0.03 4,087.08

(Decrease) / increase in debt securities (Refer note 1)

(6,961.62) 22,000.69

Decrease in borrowings other than debt securities (Refer note 1)

(20,080.91) (24,983.32)

Decrease in subordinate debt (Refer note 1)

(471.31) -

Repayment of lease obligations

(90.37) -

Net cash (used) / generated from financing activities - C

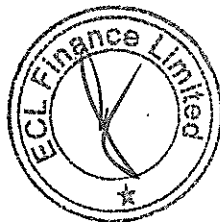
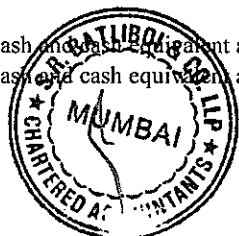
(27,604.18) 1,104.45

Net increase / (decrease) in cash and cash equivalents (A+B+C)

17,143.02 (642.57)

Cash and cash equivalents as at the beginning of the year
Cash and cash equivalents as at the end of the year

985.40 1,627.97
18,128.42 985.40



ECL Finance Limited

Statement of Cash flows for the year ended March 31, 2020.

(Currency: Indian rupees in million)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Operational cash flows from interest and dividends		
Interest paid	23,090.50	22,459.13
Interest received	34,306.47	37,904.45
Dividend received	1,467.03	1,903.38

Notes:

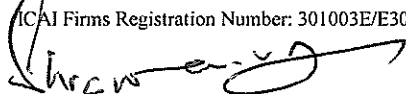
1. Cash receipts and payments for transaction in which the turnover is quick, the amounts are large, and the maturities are short are presented on net basis in accordance with Ind AS-7 Statement of Cash Flows
2. Cash flow statement has been prepared under indirect method as set out in Ind AS 7 prescribed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

As per our report of even date attached.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firms Registration Number: 301003E/E300005



per Shrawan Jalan

Partner

Membership No: 102102

For and on behalf of the Board of Directors



Deepak Mittal

Managing Director & CEO

DIN : 00010337



Sarju Simaria

Chief Financial officer



Vidya Shah

Executive Director

DIN : 00274831



Archibald Serrao

Company Secretary

Mumbai July 4, 2020

Mumbai July 4, 2020



1. Corporate information:

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

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

2. Basis of preparation:

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

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

3. Presentation of financial statements:

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

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

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

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

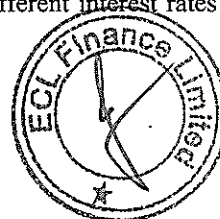
4. Significant accounting policies

4.1 Recognition of revenue:

4.1.1 Effective interest rate (EIR):

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

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



Notes to the financial statement for the year ended March 31, 2020

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

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

4.1.2 Interest income:

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

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

4.1.3 Dividend income:

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

4.1.4 Revenue from contracts with customers:

Revenue is measured at transaction price i.e. the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to the customer, excluding amounts collected on behalf of third parties. The Company consider the terms of the contracts and its customary business practices to determine the transaction price. Where the consideration promised is variable, the Company excludes the estimates of variable consideration that are constrained.

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

4.2 Financial instruments:

4.2.1 Date of recognition:

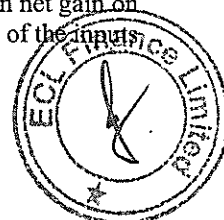
Financial Assets and liabilities with exception of loans and borrowings are initially recognised on the trade date, i.e. the date the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery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

4.2.2 Initial measurement of financial instruments:

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

4.2.3 Day 1 profit and loss:

When the transaction price of the financial instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs



Notes to the financial statement for the year ended March 31, 2020

are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

4.2.4 Classification & measurement categories of financial assets and liabilities:

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

Financial assets carried at amortised cost (AC)

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

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

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

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

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

4.3 Financial assets and liabilities:

4.3.1 Amortized cost and effective interest method

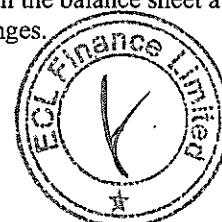
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

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

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

4.3.2 Financial assets held for trading:

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



Notes to the financial statement for the year ended March 31, 2020

4.3.3 Investment in equity instruments:

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

4.3.4 Financial liabilities:

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

4.3.5 Derivative financial instruments:

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

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

4.3.6 Debt securities and other borrowed funds:

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

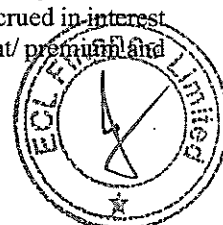
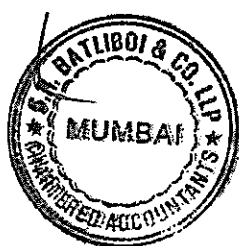
The Company issues certain non-convertible debentures, the return of which is linked to performance of specified indices over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at a reporting date. The resultant 'net unrealised loss or gain' on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

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

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis.

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis; Or
- The liabilities are part of a group of financial liabilities, which are managed, and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; Or
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

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



Notes to the financial statement for the year ended March 31, 2020

qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

4.3.8 Financial guarantee:

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

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

4.3.9 Loan commitments:

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

4.3.10 Financial liabilities and equity instruments

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

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

4.4 Reclassification of financial assets and liabilities

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

4.5 Derecognition of financial Instruments:

4.5.1 Derecognition of financial asset

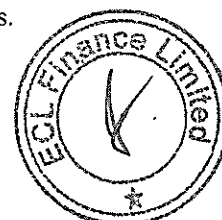
A financial asset (or, where applicable a part of a financial asset or a part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial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

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

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

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

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



Notes to the financial statement for the year ended March 31, 2020

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

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

A transfer only qualifies for derecognition if either:

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

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

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

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

4.5.2 Derecognition of financial liabilities

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

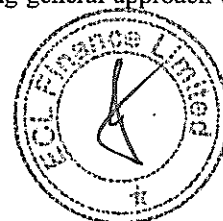
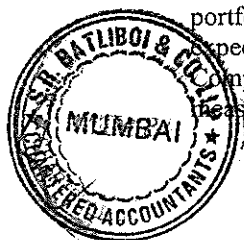
4.6 Impairment of financial assets:

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

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

Simplified approach

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



Notes to the financial statement for the year ended March 31, 2020

General approach

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

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

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

Company categories its financial assets as follows:

Stage 1 assets:

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

Stage 2 assets:

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

Stage 3 assets:

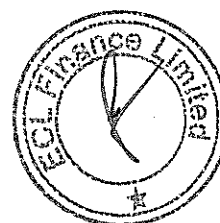
Stage 3 for Assets considered credit-impaired the Company recognises the lifetime ECL for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

The ongoing assessment of whether a significant increase in credit risk has occurred for working capital facilities is similar to other lending products. The interest rate used to discount the ECLs for working capital facilities is based on the average effective interest rate that is expected to be charged over the expected period of exposure to the facilities.

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

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

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



Notes to the financial statement for the year ended March 31, 2020

4.7 Collateral valuation:

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

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

4.8 Collateral repossessed:

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

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

4.9 Write-offs:

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery.

4.10 Forborne and modified loan:

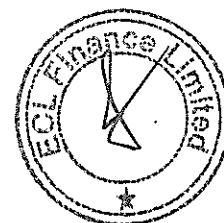
The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications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

4.11 Determination of fair value:

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

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

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



Notes to the financial statement for the year ended March 31, 2020

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

Level 1 financial instruments:

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

Level 2 financial instruments:

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

Level 3 financial instruments:

Those that include one or more unobservable input that is significant to the measurement as whole.

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

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

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

4.12 Leases:

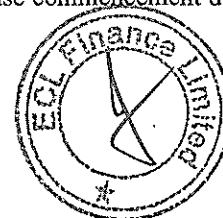
Company as a lessee:

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset
- the Company has substantially all the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset

Measurement and recognition:

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).



Notes to the financial statement for the year ended March 31, 2020

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero

Short term lease

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

Under Ind AS 17: In the comparative period, as a lessee the Company classified leases that transfer substantially all the risk and reward of ownership as finance leases. Assets held under other leases are classified as operating lease and were not recognised in Company Balance sheet. Payment made under operating lease were recognised in profit and loss on a straight-line basis over the term of lease

Company as lessor:

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

Transition

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all long-term lease contracts existing on April 1, 2019 using modified retrospective method. The Company recorded the lease liability and the right of use assets at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported as per accounting policies included as part of our financial statement for the year ended March 31, 2019.

Please refer note 41.C "Transition to Ind AS 116 on Lease" for more details on Impact analysis on financial results.

4.13 Earnings per share:

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

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

4.14 Foreign currency transaction:

The Standalone Financial Statements are presented in Indian Rupees which is also functional currency of the Company. Transactions in currencies other than Indian Rupees (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at



Notes to the financial statement for the year ended March 31, 2020

the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

4.15 Retirement and other employee benefit:

4.15.1 Provident fund and national pension scheme:

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

4.15.2 Gratuity:

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

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

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

4.15.3 Compensated absences:

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

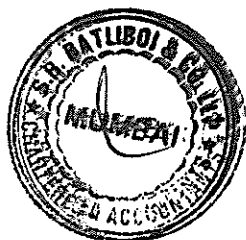
4.15.4 Deferred bonus:

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

4.15.5 Share-based payment arrangements:

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects



Notes to the financial statement for the year ended March 31, 2020

the revised estimate, with a corresponding adjustment to the 'ESOP reserve'. In cases where the share options granted vest in instalments over the vesting period, the Group treats each instalment as a separate grant, because each instalment has a different vesting period, and hence the fair value of each instalment differs.

4.16 Property, plant and equipment:

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

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

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

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

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

4.17 Intangible assets:

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

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

4.18 Impairment of non-financial assets:

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



Notes to the financial statement for the year ended March 31, 2020

4.19 Provisions and other contingent liabilities:

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

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

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

4.20 Income tax expenses:

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

4.20.1 Current tax:

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

4.20.2 Deferred tax:

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

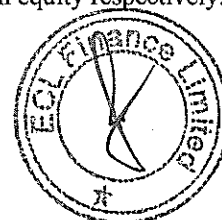
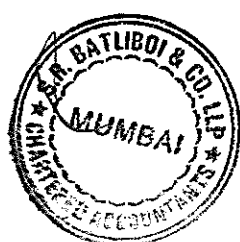
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

4.20.3 Current and deferred tax for the year:

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



Notes to the financial statement for the year ended March 31, 2020

4.21 Cash and cash equivalents:

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

5. Significant accounting judgements, estimates and assumptions:

In the application of the Company's accounting policies, which are described in note 4, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies:

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

5.1 Business model assessment:

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

5.2 Significant increase in credit risk:

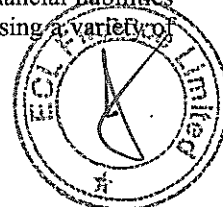
As explained in note 52.D.1, ECL is measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. In assessing whether the credit risk of an asset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

Key sources of estimation uncertainty:

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

5.3 Fair value of financial instruments:

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of



Notes to the financial statement for the year ended March 31, 2020

valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

5.4 Effective Interest Rate (EIR) Method:

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

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

5.5 Impairment of Financial assets:

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

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

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

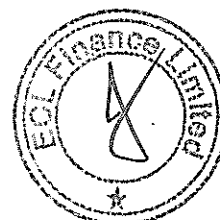
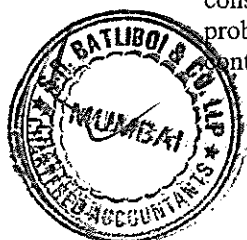
5.6 Impairment of Non-Financial assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost of disposal and its value in use. Where the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

5.7 Provisions and contingent liabilities:

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

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



Notes to the financial statement for the year ended March 31, 2020

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

5.8 Provisions for Income Taxes:

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

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

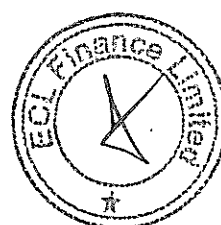
5.9 Leases:

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

6. Standards issued but not yet effective:

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

7. Pursuant to Securities Subscription Agreement dated March 5, 2019 amongst the Company, Edelweiss Financial Services Limited, Edelweiss Securities Limited, Edelweiss Rural & Corporate Services Limited (Formerly known as Edelweiss Commodities Services Limited) and Edel Finance Company Limited and CDPQ Private Equity Asia Pte Limited (as the "Investor"), a wholly owned subsidiary of Caisse de dépôt et placement du Québec (CDPQ), for an investment of US\$ 250 million, amounting to approximately Rs 18,000 million into the Company, the Investor has subscribed to 1000 Equity shares of Re. 1/- each at premium of Rs. 31/- per Equity Share and 103,949,680 Compulsorily Convertible Debentures (CCDs) at Rs. 100 per CCD and accordingly paid the Company a total sum of Rs. 10,395 millions on May 7, 2019, towards first tranche.
8. A Scheme of Amalgamation for merger (Merger by Absorption) of Edelweiss Retail Finance Limited ("ERFL") with the Company ("Transferee Company") and their respective shareholders under section 230 to 232 of the Companies Act, 2013 and the Rules made there under has been filed with the Hon'ble National Company Law Tribunal ("NCLT") on March 26, 2019.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

9. Cash and cash equivalents

	As at March 31, 2020	As at March 31, 2019
Cash in hand		
Cash in hand	0.04	0.04
Balances with banks		
In current accounts	9,127.39	985.36
In fixed deposits with original maturity less than 3 months	9,000.00	-
Accrued interest on fixed deposits	0.99	-
	18,128.42	985.40

10. Bank balances other than cash and cash equivalents

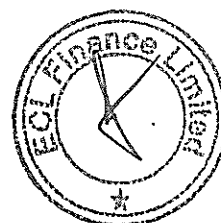
	As at March 31, 2020	As at March 31, 2019
Fixed deposit with banks	19.65	2.52
Fixed deposits with banks to the extent held as margin money or security against borrowings, guarantees, securitisation (Refer Note 10.A Below)	981.79	467.72
Earmarked balance with bank (Refer Note 2 Below)	6,503.70	-
	7,505.14	470.24

Notes:

- 1) Fixed deposit balances with banks earns interest at fixed rate.
- 2) Earmarked for a specific purpose and therefore not available for immediate and general use.

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

	As at March 31, 2020	As at March 31, 2019
Fixed deposits pledged for:		
Bank guarantee for non convertible debentures		
RBL Bank Limited	25.71	50.02
Axis Bank Limited	146.75	145.06
ICICI Bank Limited	0.55	0.52
Bank guarantee for cash credit lines		
ICICI Bank Limited	50.11	50.12
Security deposit for term loan and WCDL facilities		
Union Bank of India	5.37	5.05
Bank guarantee for securitisation		
DCB Bank Limited	35.25	32.46
ING Vysya Bank Limited	134.70	126.64
HDFC Bank Limited	324.68	-
ICICI Bank Limited	258.67	-
Yes Bank Limited	-	57.85
	981.79	467.72



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

11. Derivative financial instruments

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

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

As at March 31, 2020								
Particulars	Unit	Currency	Notional	Fair value asset	Unit	Currency	Notional	Fair value liability
(i) Interest rate derivatives								
Interest rate swaps	Rupees	INR	4,250.00	85.65	Rupees	INR	7,750.00	162.84
Interest rate futures					G-Sec Units		1,24,72,000	7.02
Less: amounts offset								(7.02)
(Refer Note 11.A & 51)								
Subtotal(i)				85.65				162.84
(ii) Equity linked derivatives								
Stock futures					No of Shares		1,95,200	17.99
Less: amounts offset								(17.99)
(Refer Note 11.A & 51)								
Subtotal(ii)				-				-
(iii) Index linked derivatives								
Index futures					Index Units		2,55,340.0	26.74
Options purchased	Index Units		6,44,475	623.31				
Options sold					Index Units		6,67,875	756.23
Less: amounts offset								(26.74)
(Refer Note 11.A & 51)								
Subtotal(iii)				623.31				756.23
(iv) Embedded derivatives*								
In market linked debentures				80.41				36.28
Subtotal(iv)				80.41				36.28
Total derivative financial instruments			Total	789.37			Total	955.35

As at March 31, 2019								
Particulars	Unit	Currency	Notional	Fair value asset	Unit	Currency	Notional	Fair value liability
(i) Interest rate derivatives								
Interest rate swaps	Rupees	INR	4,750.00	136.59	Rupees	INR	11,500.00	183.22
Interest rate future	G-Sec Units		44,54,000	0.42	G-Sec Units		25,00,000	1.86
Less: amounts offset				(0.42)				(1.86)
(Refer Note 11.A & 51)								
Subtotal(i)				136.59				183.22
(ii) Equity linked derivatives								
Stock futures					No of Shares		20,88,034	2.18
Less: amounts offset								(2.18)
(Refer Note 11.A & 51)								
Subtotal(ii)				-				-
(iii) Index linked derivatives								
Index futures				-	Index Units		87,300	16.72
Options purchased	Index Units		1,48,27,500	217.94				-
Options sold				-	Index Units		4,22,94,375	14.36
Less: amounts offset								(16.72)
(Refer Note 11.A & 51)								
Subtotal(iii)				217.94				14.36
(iv) Embedded derivatives*								
In market linked debentures				28.77				279.25
Subtotal(iv)				28.77				279.25
Total derivative financial instruments				383.30				476.83

Note: The notional/units held indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

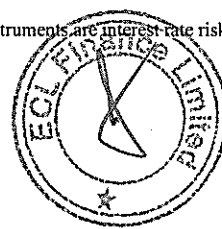
*An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. refer Note 4.3.5 for further details.

Hedging activities and derivatives

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments are interest rate risk and equity index risk. The company's risk management strategy and how it is applied to manage risk are explained in Note 52.

Derivatives designated as hedging instruments

The Company has not designated any derivatives as hedging instruments



11.A Offsetting

The tables below summarise the financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements, as well as financial collateral received to mitigate credit exposures for these financial assets, and whether offset is achieved in the balance sheet:

Financial Assets subject to offsetting, netting arrangements

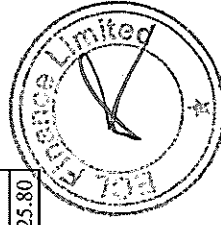
As at March 31, 2020	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial liabilities	Collaterals received	Assets after consideration of netting potential			
Derivative Assets	85.65	-	85.65	(97.83)	54.82	42.64	703.72	789.37	746.36
Margin placed with broker*	794.53	(51.75)	742.78	-	-	742.78	-	742.78	742.78

Financial Liabilities subject to offsetting, netting arrangements

As at March 31, 2020	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential			
Derivative Liabilities	214.59	(51.75)	162.84	(97.83)	(16.65)	48.36	792.51	955.35	840.87

Financial Assets subject to offsetting, netting arrangements

As at March 31, 2019	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Assets not subject to netting arrangements	Total Assets	Maximum Exposure to Risk
	Gross asset before offset	Amount offset	Net asset recognised on the balance sheet	Financial liabilities	Collaterals received	Assets after consideration of netting potential			
Derivative Assets	137.01	(0.42)	136.59	(88.47)	(6.00)	42.12	246.71	383.30	288.83
TriParty REPO (TREPS)	3,700.11	(3,700.11)	-	-	-	-	-	-	-
Margin placed with broker*	1,646.14	(20.34)	1,625.80	-	-	1,625.80	-	1,625.80	1,625.80

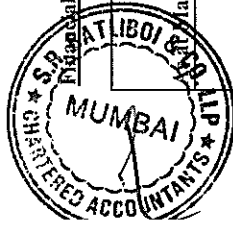


ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

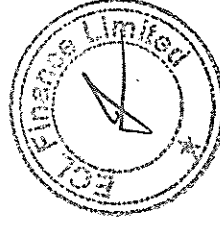
11.A Offsetting



Financial Liabilities subject to offsetting, netting arrangements

	Offsetting recognised in balance sheet			Netting potential not recognised in balance sheet			Liabilities not subject to netting arrangements	Total Liabilities	Maximum Exposure to Risk
	Gross Liabilities before offset	Amount offset	Net Liabilities recognised on the balance sheet	Financial Assets	Collaterals Paid	Liabilities after consideration of netting potential			
March 31, 2019									
Derivative Liabilities	203.98	(20.76)	183.22	(88.47)	(69.50)	25.25	293.61	476.83	318.86
CBLO Borrowings	5,797.14	(3,700.11)	2,097.03	-	(41.05)	2,055.98	-	2,097.03	2,055.98

*Note: As at the reporting date, cash margin received that has been offset against the gross derivative assets. Also, cash margin paid that has been offset against the gross derivative liabilities.



At fair value through profit and loss account

6.65% Government Stock 09.04.2020 Bonds
7.00% Government Stock 21.01.2021 Bonds
6.17% Government Stock 12.06.2023 Bonds
7.35% Government Stock 22.06.2024 Bonds
8.40% Government Stock 28.07.2024 Bonds
7.72% Government Stock 25.05.2025 Bonds
7.59% Government Stock 11.01.2026 Bonds
7.27% Government Stock 08.04.2026 Bonds
6.79% Government Stock 15.05.2027 Bonds
7.26% Government Stock 14.01.2029 Bonds
7.28% Government Stock 03.06.2019 Bonds
6.90% Government Stock 13.07.2019 Bonds
6.35% Government Stock 02.01.2020 Bonds
8.27% Government Stock 09.06.2020 Bonds
8.12% Government Stock 10.12.2020 Bonds
7.80% Government Stock 11.04.2021 Bonds
7.94% Government Stock 24.05.2021 Bonds
8.79% Government Stock 08.11.2021 Bonds
8.20% Government Stock 15.02.2022 Bonds
6.30% Government Stock 09.04.2023 Bonds
7.37% Government Stock 16.04.2023 Bonds
7.16% Government Stock 20.05.2023 Bonds
8.83% Government Stock 25.11.2023 Bonds
7.32% Government Stock 28.01.2024 Bonds
6.97% Government Stock 06.09.2026 Bonds
7.17% Government Stock 08.01.2028 Bonds
6.68% Government Stock 17.09.2031 Bonds

8.18%	Tamil Nadu State Development Loan Government Stock 19.12.2028 Bonds
8.34%	Maharashtra Government Stock 03.02.2020 Bonds
8.39%	Rajasthan Government Stock Special 15.03.2020 Bonds
8.21%	Rajasthan State Government Stock Uday 31.03.2020 Bonds
8.72%	Andhra Pradesh State Development Loan Government Stock 11.01.2022 Bonds
8.72%	Maharashtra State Development Loan Government Stock 11.01.2022 Bonds
8.65%	Karnataka State Development Loans Government Stock 25.01.2022 Bonds
8.58%	Gujarat State Development Loan 23.01.2023 Bonds
8.66%	Haryana State Development Loan Government Stock 06.02.2023 Bonds
8.62%	Maharashtra State Development Loan Government Stock 20.02.2023 Bonds
9.37%	Gujarat State Development Loan 04.12.2023 Bonds
8.21%	Haryana Government Stock Uday Special 31.03.2024 Bonds
8.31%	Kerala State Development Loan Government Stock 13.02.2029 Bonds

8.75% Edelweiss Retail Finance Limited 22.03.2021 Bonds
9.75% Edelweiss Housing Finance Limited 19.07.2021 Bonds
8.42% Edelweiss Retail Finance Limited 22.03.2023 Bonds
8.65% Edelweiss Retail Finance Limited 22.03.2023 Bonds
9.00% Edelweiss Retail Finance Limited 22.03.2023 Bonds
9.50% JM Financial Credit Solutions Limited 07.06.2023 Bonds
11.00% Edelweiss Finvest Private Limited 29.07.2025 Bonds
10.00% Edelweiss Housing Finance Limited 19.07.2026 Bonds
8.88% Edelweiss Retail Finance Limited 22.03.2028 Bonds
9.25% Edelweiss Retail Finance Limited 22.03.2028 Bonds
8.95% Aditya Birla Finance Limited 06.06.2029 Bonds
10.50% Indusind Bank Limited Perpetual
9.25% Muthoot Finance Limited 01.02.2021 Ncd (Series 3A Option I)
9.50% Muthoot Finance Limited 01.02.2021 Ncd (Series 3A Option Iii)
8.85% Indiabulls Commercial Credit Limited 28.03.2028 Bonds
9.75% JM Financial Credit Solutions Limited 07.06.2028 Bonds
9.38% Greater Hyderabad Municipal Corporation 14.08.2028 Bonds

As at March 31, 2020			As at March 31, 2019		
Face Value	Quantity	Amount	Face Value	Quantity	Amount
100.00	12,50,000	129.02	-	-	-
100.00	75,00,000	772.36	-	-	-
100.00	5,00,000	51.92	100.00	10,00,000	98.96
100.00	20,00,000	216.22	100.00	5,00,000	51.81
100.00	20,00,000	222.24	-	-	-
100.00	65,00,000	711.11	100.00	40,00,000	421.53
100.00	5,00,000	53.87	100.00	10,00,000	103.24
100.00	45,00,000	487.03	-	-	-
100.00	1,05,00,000	1,094.26	100.00	10,00,000	98.62
100.00	3,50,00,000	3,724.80	100.00	60,00,000	605.66
-	-	-	100.00	1,00,000	10.25
-	-	-	100.00	1,60,000	16.28
-	-	-	100.00	60,00,000	609.40
-	-	-	100.00	10,00,000	104.59
-	-	-	100.00	50,00,000	525.27
-	-	-	100.00	25,00,000	265.03
-	-	-	100.00	30,00,000	316.56
-	-	-	100.00	5,00,000	54.25
-	-	-	100.00	40,00,000	419.59
-	-	-	100.00	20,00,000	201.95
-	-	-	100.00	5,00,000	52.60
-	-	-	100.00	44,00,000	455.47
-	-	-	100.00	5,00,000	55.18
-	-	-	100.00	1,15,00,000	1,182.56
-	-	-	100.00	15,00,000	147.43
-	-	-	100.00	2,00,00,000	1,992.66
-	-	-	100.00	20,00,000	185.82
100.00	800	0.09	-	-	-
-	-	-	100.00	5,00,000	51.24
-	-	-	100.00	2,00,00,000	2,034.23
-	-	-	100.00	50,00,000	506.20
-	-	-	100.00	25,00,000	266.32
-	-	-	100.00	25,00,000	266.32
-	-	-	100.00	50,00,000	530.22
-	-	-	100.00	25,00,000	266.64
-	-	-	100.00	25,00,000	266.59
-	-	-	100.00	25,00,000	265.45
-	-	-	100.00	25,00,000	273.98
-	-	-	100.00	98,18,000	1,012.61
-	-	-	100.00	15,00,000	158.99
		7,462.92			13,873.50
1,000	16,399	13.93	-	-	-
1,000	1,315	2.82	-	-	-
1,000	3,221	2.63	-	-	-
1,000	3,037	2.13	-	-	-
1,000	1,942	1.41	-	-	-
1,000	6,743	6.46	1,000	16,920	17.04
10,00,000	56	45.14	-	-	-
1,000	23,250	21.62	-	-	-
1,000	1,515	1.03	-	-	-
1,000	2,951	2.62	-	-	-
10,00,000	18	18.51	-	-	-
10,00,000	45	44.19	-	-	-
-	-	-	10,00,000	14	14.01
-	-	-	10,00,000	108	108.20
-	-	-	1,00,000	1,135	112.95
-	-	-	1,000	37,970	36.75
-	-	-	10,00,000	9	9.23
		162.49			298.18



ECL Finance Limited

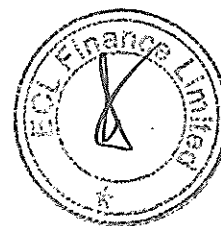
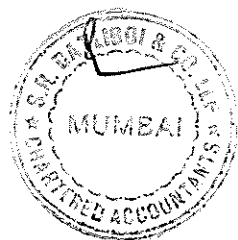
Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

	As at March 31, 2020			As at March 31, 2019		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
Equity Instruments						
Wabco India Ltd	5	2,000	12.28	-	-	-
CPSE ETF		-	-	10	2,65,88,545	724.27
IRB InvIT Fund		-	-	102	5,000	0.33
Total Equity Instruments (C)			12.28			724.60
Mutual Fund						
JM Large Cap Fund-Dividend		10,89,97,766	1,271.84		-	-
SBI Overnight Fund-Direct P1 Growth		6,92,711	2,253.88		-	-
ICICI Overnight Fund-Direct Plan-Growth		2,09,17,322	2,253.82		-	-
HDFC Charity Fund for Cancer Cure - Debt Plan Direct Option		10,00,000	10.02		10,00,000	10.00
HDFC Overnight Fund - Growth Option - Direct Plan		40,112	119.10		3,06,132	864.02
JM Large Cap Fund - Annual Dividend Option		-	-		16,26,89,805	2,513.85
Edelweiss Fixed Maturity Plan - Series 49 - Direct - Growth		40,00,000	43.91		40,00,000	42.60
Edelweiss Short Term Fund - Direct - Growth		12,33,997	21.09		30,66,864	52.62
Total Mutual Fund (D)			5,973.66			3,483.09
Total (A+B+C+D)			13,611.35			18,379.37

Notes:

Please refer note 51 - Fair Value measurement for Valuation methodologies for securities held for trading



	As at March 31, 2020	As at March 31, 2019
13. Trade receivables		
a) Trade receivables		
Receivables considered good - unsecured	2,056.95	722.93
Receivables - credit impaired	11.47	4.81
	2,068.42	727.74
Allowance for expected credit losses		
Receivables considered good - unsecured	(15.79)	(1.94)
Receivables - credit impaired	(11.47)	(4.81)
	2,041.16	720.99

b) Reconciliation of impairment allowance on trade receivables:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Impairment allowance as per simplified approach		
Impairment allowance - opening balance	6.75	6.42
Add/ (less): asset originated or acquired (net)	20.51	0.33
Impairment allowance - closing balance	27.26	6.75

Notes:

1) No trade or other receivables are due from directors or other officers of the company either severally or jointly with any other person

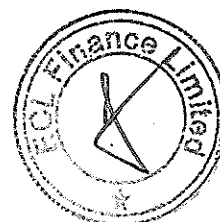
2) Please refer note 49 - Related party disclosure for trade or other receivables due from firms or private companies in which directors is/are partner, a director or a member.

c) Trade receivables days past due

As at March 31, 2020	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates		1.3%	8.8%	29.8%	89.2%	100.0%	
Estimated total gross carrying amount at default*	1,803.12	102.61	149.75	0.07	1.40	11.47	2,068.42
ECL - simplified approach	-	1.33	13.19	0.02	1.25	11.47	27.26
Net carrying amount	1,803.12	101.28	136.56	0.05	0.15	-	2,041.16

As at March 31, 2019	Current	1-90 days	91-180 days	181-270 days	270- 360 days	> 360 days	Total
ECL Rates		1.2%	5.7%	25.0%	100.0%	100.0%	
Estimated total gross carrying amount at default*	660.37	48.50	5.52	7.94	0.60	4.81	727.74
ECL - simplified approach	-	0.18	-	1.73	0.03	4.81	6.75
Net carrying amount	660.37	48.32	5.52	6.21	0.57	-	720.99

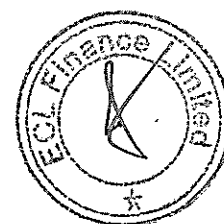
*Includes receivables from stock exchanges / Clearing house and companies in same group. The Company has no history and expects no default on these receivables, accordingly no allowance for ECL has been recognised on these receivables.



Notes to the financial statement for the year ended March 31, 2020

	As at March 31, 2020	As at March 31, 2019
14. Loans (at amortised cost)		
Term Loans;		
Corporate credit	86,843.64	1,49,405.54
Retail credit	49,473.56	94,679.89
Total gross	1,36,317.20	2,44,085.43
Less: Impairment loss allowance (Refer Note 14.B)	(8,132.80)	(6,118.69)
Total net	1,28,184.40	2,37,966.74
Secured by tangible assets (property including land & building)	41,315.84	1,47,496.71
Secured by inventories, fixed deposits, unlisted securities, project receivables & other marketable securities	75,259.91	71,263.24
Unsecured	19,741.45	25,325.48
Total gross	1,36,317.20	2,44,085.43
Less: Impairment loss allowance (Refer Note 14.B)	(8,132.80)	(6,118.69)
Total net	1,28,184.40	2,37,966.74
Loans in India		
Public sector	-	-
Others	1,36,317.20	2,44,085.43
Total gross	1,36,317.20	2,44,085.43
Less: Impairment loss allowance (Refer Note 14.B)	(8,132.80)	(6,118.69)
Total net	1,28,184.40	2,37,966.74

	As at March 31, 2020	As at March 31, 2019
Loans Given to Directors <i>(refer note 49 related party disclosure)</i>	-	342.19
	-	342.19



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

14.B Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's interest-bearing for stage classification are explained in Note 52.D.1 and policies on ECL allowances are set out in Note 4.6

14.B Credit quality of assets

	As at March 31, 2020			As at March 31, 2019				
	Stage I	Stage II	Stage III	Total	Stage I	Stage II	Stage III	Total
	84,955.30	46,233.43		84,955.30 46,233.43	2,12,533.38	25,864.50		2,12,533.38 25,864.50
			5,128.47	- 5,128.47			5,687.55	- 5,687.55
	84,955.30	46,233.43	5,128.47	1,36,317.20	2,12,533.38	25,864.50	5,687.55	2,44,085.43

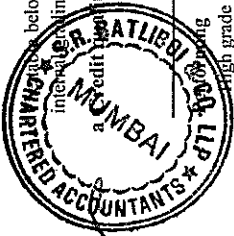
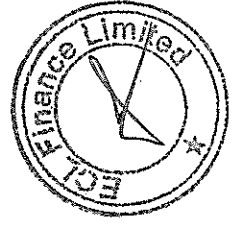
b Reconciliation of changes in gross carrying amount and corresponding ECL allowances for loans and advances to corporate and retail customers:

The following disclosure provides stage wise reconciliation of the Company's gross carrying amount and ECL allowances for loans and advances to corporates and retail customers. The transfers of financial assets represents the impact of stage transfers upon the gross carrying amount and associated allowance for ECL. The net remeasurement of ECL arising from stage transfers represents the increase or decrease due to these transfers.

The 'New assets originated / repayments received (net)' represent the gross carrying amount and associated allowance ECL impact from transactions i.e. new lending, further disbursements, repayments and interest accrual on loans.

Reconciliation / movement for the year ended March 31, 2020

Particulars	Non credit impaired			Credit impaired			Total	
	Stage I		Stage II		Stage III		Gross carrying Amount	Allowance for ECL
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL		
Opening balance	2,12,533.38	1,891.05	25,864.50	868.92	5,687.55	3,358.72	2,44,085.43	6,118.69
New Assets Purchased	14,063.46		3,607.85		108.80		17,780.11	-
Transfer of financial assets								
Stage I to Stage II	(32,177.85)	(460.60)	32,177.85	460.60	-	-	-	-
Stage I to Stage III	(41,242.92)	(592.50)	-	-	41,242.92	592.50	-	-
Stage II to Stage III	-	-	(20,679.77)	(558.51)	20,679.77	558.51	-	-
Stage II to Stage I	656.45	17.70	(656.45)	(17.70)	-	-	-	-
Stage III to Stage I	2.43	2.00	-	-	(2.43)	(2.00)	-	-
Stage III to Stage II	-	-	11.26	-	(11.26)	(2.87)	-	-
Remeasurement of ECL arising from transfer of stage (net)	-	(11.48)	-	3,950.08	-	504.89	-	4,443.49
New assets originated / repayments received (net)	(68,879.65)	703.85	5,908.19	1,182.14	(841.99)	-	(63,813.45)	1,885.99
Loans sold to ARC	-	-	-	-	(58,269.01)	(4,315.37)	(58,269.01)	(4,315.37)
Amounts written off (net)	-	-	-	-	(3,465.88)	-	(3,465.88)	-
Closing balance	84,955.30	1,550.02	46,233.43	5,888.40	5,128.47	694.38	1,36,317.20	8,132.80



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

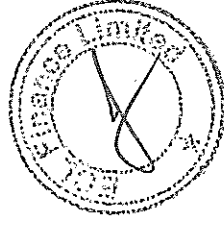
Reconciliation / movement for the year ended March 31, 2019



The Company had initiated sale of certain financial assets before March 31, 2020 and for which definitive contracts were executed post the balance sheet date. These financial assets sold subsequent to March 31, 2020, amount to Rs. 14,516.20 millions to alternative assets fund and asset reconstruction companies trusts. As per Ind AS 109, Financial Instruments, prescribed under section 133 of the Companies Act, 2013 significant judgment is involved in classification of assets which has been accentuated on account of factors caused by COVID 19. Accordingly, management assessed that such loans sold by the Company subsequent to March 31, 2020 increased risk but were not credit impaired. Of the above, on Rs. 6,400 millions sold to alternative asset funds, EFSL, the holding Company, has, vide a put agreement dated July 1, 2020, undertaken to purchase part of these financial assets amounting to Rs. 3,220.00 millions under certain contingencies as per the agreement. Further, on financial assets amounting to Rs. 8,116.20 millions sold to asset reconstruction trusts, EFSL, the holding Company, and ERCSL, fellow subsidiary, have, guaranteed significant risks and assumed rewards in respect of an aggregate value of financial assets of Rs. 5,837.50 millions. As at March 31, 2020, there are no impact on the financial statement of the Company other than expected credit loss already provided amounting to Rs. 5,080.10 millions.

Reconciliation / movement for the year ended March 31, 2019

Particulars	Non credit impaired			Credit impaired			Total
	Stage I		Stage II	Stage III		Stage IV	
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	
Opening balance	2,07,186.27	1,578.49	12,900.51	510.36	4,699.20	2,672.43	4,761.28
Transfer of financial assets:							
Stage I to Stage II	(14,454.04)	(111.00)	14,454.04	111.00	-	-	-
Stage I to Stage III	(5,426.52)	(73.70)	-	-	5,426.52	73.70	-
Stage II to Stage III	-	-	(2,474.60)	(105.81)	2,474.60	105.81	-
Stage II to Stage I	958.66	8.98	(958.66)	(8.98)	-	-	-
Stage III to Stage II	-	-	1,743.72	1,050.00	(1,743.72)	(1,050.00)	-
Remeasurement of ECL arising from transfer of stage (net)	-	(3.45)	-	(718.26)	-	1,345.91	624.20
New assets originated / repayments received (net)	24,269.01	491.73	199.49	30.61	65.81	555.69	1,078.03
Loans sold to ARC	-	-	-	-	(4,992.44)	(117.82)	(117.82)
Amounts written off (net)	-	-	-	-	(242.42)	(227.00)	(227.00)
Closing balance	2,12,533.38	1,891.05	25,864.50	868.92	5,687.55	3,358.72	6,118.69



15. Other investments

As at March 31, 2020	At amortised cost (1)	At fair value				At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through profit or loss (4)	Subtotal 5 = (2+3+4)		
Preference shares	774.52	-	-	-	-	-	774.52
Security receipts (refer note 3)	-	-	44,124.98	-	44,124.98	-	44,124.98
Units of AIF	-	-	4,894.42	-	4,894.42	-	4,894.42
TOTAL - gross (A)	774.52	-	49,019.40	-	49,019.40	-	49,793.92
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	774.52	-	49,019.40	-	49,019.40	-	49,793.92
Total (B)	774.52	-	49,019.40	-	49,019.40	-	49,793.92
Less: allowance for impairment (C)	46.22	-	-	-	-	-	46.22
Total net (A-C)	728.30	-	49,019.40	-	49,019.40	-	49,747.70

As at March 31, 2019	At amortised cost (1)	At fair value				At cost (subsidiaries, associates, and joint ventures) (6)	Total (7) = (1+5+6)
		Through OCI (2)	Through P&L (3)	Designated at fair value through profit or loss (4)	Subtotal 5 = (2+3+4)		
Preference shares	711.13	-	-	-	-	-	711.13
Security receipts (refer note 3)	-	-	9,899.83	-	9,899.83	-	9,899.83
Units of AIF	-	-	139.84	-	139.84	-	139.84
TOTAL - gross (A)	711.13	-	10,039.67	-	10,039.67	-	10,750.80
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investment in India	711.13	-	10,039.67	-	10,039.67	-	10,750.80
Total (B)	711.13	-	10,039.67	-	10,039.67	-	10,750.80
Less: allowance for impairment (C)	-	-	-	-	-	-	-
Total Net (A-C)	711.13	-	10,039.67	-	10,039.67	-	10,750.80

Notes:

1) Please refer note 15.B - Investment details for further details

2) Please refer note 51 - Fair value measurement for valuation methodology

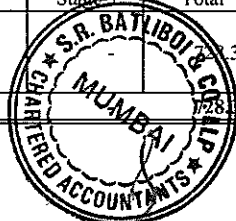
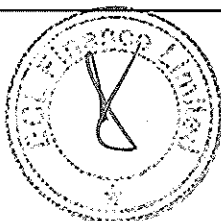
3) During the year ended March 31, 2020 and March 31, 2019, the Company has sold financial assets aggregating to Rs. 46,269.00 millions (net of provisions & losses) and Rs. 5,828.60 millions (net of provisions & losses) respectively to various asset reconstructions company trusts ('ARC Trusts') and has acquired security receipts (SR) from ARC Trusts amounting to Rs. 42,901.70 millions. The Board approved committee approved such sale of financial assets to ARC Trusts. Ind AS 109 - Financial Instruments, prescribed under section 133 of the Companies Act, 2013, requires substantial risks and rewards to be transferred for the purpose of de-recognition of such financial assets from the Company's financial statements. Edelweiss Financial Services Limited (EFSL), holding company, and Edelweiss Rural and Corporate Services Limited (ERC SL), a fellow subsidiary, on March 31, 2020, have guaranteed significant risks and assumed significant rewards in respect of an aggregate value of financial assets of Rs 32,539.30 millions sold to ARC Trusts. As a result, these financial assets are de-recognized in Company's financial statements. Further, as the risks and rewards continues in ERC SL and EFSL, these continue to be accounted as financial assets in the consolidated financial statements of ERC SL or the Group and the respective consequent expected credit loss will be recorded in the consolidated financial statements of ERC SL or EFSL.

15.A Investments in preference shares measured at amortised cost:

i) Credit quality of assets:

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's internal grading for stage classification are explained in Note 52.D.1 and policies on ECL allowances are set out in Note 4.6

	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Performing	728.30	-	-	728.30	711.13	-	-	711.13
High grade	728.30	-	-	728.30	711.13	-	-	711.13



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

15. Other investments

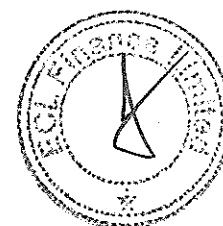
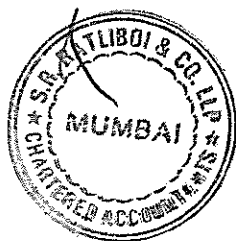
ii) Reconciliation of changes in gross carrying amount for investments in preference shares and the corresponding ECL:

Reconciliation / movement for the year ended March 31, 2020

	Non credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Gross carrying amount - opening balance	711.13	-	-	-	-	-	711.13	-
Unwinding of discount (recognised in interest income)	63.39	-	-	-	-	-	63.39	-
Change in ECL provision	-	46.22					-	46.22
Closing balance	774.52	46.22	-	-	-	-	774.52	46.22

Reconciliation / movement for the year ended March 31, 2019

	Non credit impaired				Credit impaired		Total	
	Stage 1		Stage 2		Stage 3			
	Gross Carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL	Gross carrying Amount	Allowance for ECL
Gross carrying amount - opening balance	653.09	-	-	-	-	-	653.09	-
Unwinding of discount (recognised in interest income)	58.04			-	-	-	58.04	-
Closing balance	711.13	-	-	-	-	-	711.13	-



ECL Finance Limited
Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

15.B Other investments
Preference shares (fully paid up)

At amortised cost

 Edelweiss Rural & Corporate Services Limited
 (7% Non cumulative non convertible redeemable)

Total (A)
Security receipts

At fair value through profit and loss

 EARC Trust SC 006
 EARC Trust SC 007
 EARC Trust SC 009
 EARC Trust SC 043
 EARC Trust SC 055
 EARC Trust SC 102
 EARC Trust SC 109
 EARC Trust SC 112
 EARC Trust SC 223
 EARC Trust SC 229
 EARC Trust SC 245
 EARC Trust SC 251
 EARC Trust SC 263
 EARC Trust SC 297
 EARC Trust SC 298
 EARC Trust SC 308
 EARC Trust SC 313
 EARC Trust SC 314
 EARC Trust SC 326
 EARC Trust SC 329
 EARC Trust SC 331
 EARC Trust SC 342 (Class B)
 EARC Trust SC 345
 EARC Trust SC 348 (Class B)
 EARC Trust SC 361
 Edelweiss ARF-I Trust Scheme-I
 EARC Trust SC 372
 EARC Trust SC 381
 EARC Trust SC 384
 EARC Trust SC 386
 EARC Trust SC 387
 EARC Trust SC 391
 EARC Trust SC 392
 EARC Trust SC 393
 EARC Trust SC 394
 CFM ARC-Trust 01
 RARE ARC Trust - 049
 RARE ARC Trust - 047
 ACRE ARC Trust - 100

Total (B)
Units of AIF

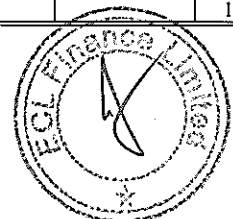
At fair value through profit and loss

 Real Estate Credit Opportunities Fund - Class B Units
 Edelweiss Stressed and Troubled Assets Revival Fund
 Edelweiss Short Term Income Fund- Institutional Growth

Total (C)
Total (A+B+C)

As at March 31, 2020			As at March 31, 2019		
Face Value	Quantity	Amount	Face Value	Quantity	Amount
10	10,00,000	728.30	10.00	10,00,000	711.13
		728.30			711.13
1,000	2,18,500	21.02	-	-	-
1,000	1,04,500	100.98	1,000	1,04,500	68.38
1,000	71,487	54.96	1,000	71,488	0.11
1,000	54,000	21.17	1,000	54,000	28.80
1,000	46,800	19.06	1,000	46,800	23.40
1,000	7,68,570	240.67	1,000	7,68,570	357.87
1,000	6,33,500	585.84	1,000	6,33,500	619.22
1,000	3,40,000	285.70	1,000	3,40,000	281.71
1,000	23,37,500	271.43	1,000	23,37,500	979.54
1,000	2,55,000	128.06	1,000	2,55,000	191.25
-	-	-	1,000	2,76,760	194.90
1,000	17,00,000	1,662.89	1,000	17,00,000	1,700.00
1,000	13,60,000	561.25	1,000	13,60,000	417.31
1,000	24,887	0.44	1,000	33,182	26.35
1,000	32,72,500	3,108.88	1,000	32,72,500	3,272.50
1,000	2,40,550	130.92	1,000	2,40,550	173.89
-	-	-	1,000	23,427	28.37
1,000	71,400	107.47	1,000	71,400	108.13
-	-	-	1,000	711	0.65
1,000	2,88,000	360.45	1,000	2,88,000	288.98
1,000	3,96,720	493.21	1,000	3,96,720	401.40
1,000	83,810	88.53	1,000	83,810	92.35
-	-	-	1,000	8,865	9.73
1,000	2,16,750	251.12	1,000	2,16,750	383.24
1,000	2,40,000	252.89	1,000	2,40,000	240.00
1,000	56,728	8.22	1,000	56,728	11.75
1,000	2,54,745	249.79	-	-	-
1,000	4,67,500	467.50	-	-	-
1,000	77,77,500	6,085.03	-	-	-
1,000	10,03,000	939.25	-	-	-
1,000	7,46,980	722.69	-	-	-
1,000	8,44,050	783.25	-	-	-
1,000	16,42,625	1,537.63	-	-	-
1,000	3,18,750	318.75	-	-	-
1,000	54,11,185	4,586.88	-	-	-
1,000	19,96,565	1,996.57	-	-	-
1,000	18,10,500	1,539.00	-	-	-
1,000	26,35,000	1,730.03	-	-	-
1,000	1,45,09,500	14,413.45	-	-	-
		44,124.98			9,899.83
10,000.00	4,77,652	4,776.52	-	-	-
10,000.00	25,000	117.47	10,000.00	25,000.00	139.41
10.00	40,799	0.43	10.00	40,799.00	0.43
		4,894.42			139.84
		49,747.70			10,750.80

Please refer note 51 - Fair value measurement for valuation methodologies for investments



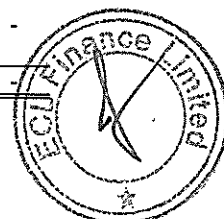
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
16. Other financial assets		
Security deposits	629.79	56.99
Deposits placed with/exchange/depositories	91.05	91.05
Accrued interest on margin	0.07	0.21
Accrued interest on security deposits	2.39	-
Margin placed for trading in securities (refer note 11.A)	742.78	1,625.80
Interest accrued on investments	-	5.54
Advances recoverable in cash or in kind or for value to be received	3.31	185.13
Receivables from trust	1,712.00	-
	3,181.39	1,964.72
17. Current tax assets (net)		
Advance income taxes (net of provision for tax ₹ 5,452.54, previous year ₹ 5,673.86 million)	1,779.55	422.36
	1,779.55	422.36
18. Deferred tax assets (net)		
Deferred tax assets		
<u>Loans</u>		
Expected credit loss	2,245.96	1,847.19
Unamortised processing fees - EIR on lending	82.20	152.25
<u>Employee benefit obligations</u>		
Provision for leave accumulation	4.99	-
Disallowances under section 43B of the Income tax act, 1961	1.42	8.70
<u>Unused tax losses</u>		
Unused tax losses - accumulated losses	1,869.34	-
<u>Investments and other financial instruments</u>		
Unrealised loss on Derivatives	138.41	-
Fair valuation of investments ; SIT - loss in valuation	894.06	-
<u>Others</u>	-	9.42
	5,236.38	2,017.56
Deferred tax liabilities		
<u>Property, plant and equipment and intangibles</u>		
Difference between book and tax depreciation	172.20	26.98
<u>Investments and other financial instruments</u>		
Fair valuation - Derivative financial instruments	-	5.41
Fair valuation - Investments and securities held for trading	-	268.99
<u>Borrowings</u>		
Effective interest rate on financial liabilities	286.27	229.96
<u>Others</u>	24.96	-
	483.43	531.34
	4,752.95	1,486.22
19. Investment property		
Investment in RE land		
Opening balance as at April 1	-	-
Add: Property acquired during the year	1,112.75	-
Add: Capitalised subsequent expenditure	67.52	-
Less: Change in fair value	(18.27)	-
	1,162.00	-

Investment property balance as at March 31st 2020.



Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

20. Property, plant and equipment and intangible assets

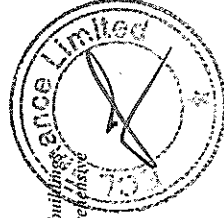
Particulars	Property, plant and equipment					Other Intangible Assets		Right to Use Assets*		Total
	Building	Leasehold improvements	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Computer Software	Right to Use Assets	Total
As at April 1, 2018	476.87	4.15	30.92	21.33	16.24	35.76	585.27	50.12	50.12	635.39
Additions	-	-	5.07	0.71	8.32	49.34	73.70	69.73	-	143.43
Disposals	-	-	-	(3.14)	-	(3.44)	(6.58)	-	-	(6.58)
As at March 31, 2019	476.87	14.41	35.99	18.90	24.56	81.66	652.39	119.85	119.85	772.24
Additions	-	19.98	2.92	3.86	7.80	7.89	42.45	82.31	298.06	422.82
Revaluation gain on building	549.29	-	-	-	-	-	549.29	-	-	549.29
Disposals	-	-	(0.01)	(8.42)	(0.26)	(10.35)	(19.04)	-	-	(19.04)
as at March 31, 2020	1,026.16	34.39	38.90	14.34	32.10	79.20	1,225.09	202.16	298.06	1,427.25
Depreciation and Impairment:										
As at April 1, 2018	17.92	1.12	2.99	5.68	3.14	13.07	43.92	8.20	-	52.12
Depreciation/Amortisation for the year	22.95	2.09	7.74	5.13	7.74	27.73	73.38	33.15	-	106.53
Disposals	-	-	-	(1.56)	-	(1.67)	(3.23)	-	-	(3.23)
as at March 31, 2019	40.87	3.21	10.73	9.25	10.88	39.13	114.07	41.35	-	155.42
Depreciation/Amortisation for the year	21.80	9.10	7.56	3.07	9.80	23.62	74.95	53.12	72.53	200.60
Disposals	-	-	(0.01)	(5.99)	(0.25)	(8.81)	(15.06)	-	-	(15.06)
Adjustment of revaluation gain to accumulated depreciation	(61.99)	-	-	-	-	-	(61.99)	-	-	(61.99)
as at March 31, 2020	0.68	12.31	18.28	6.33	20.43	53.94	111.97	94.47	72.53	278.97
Net Book Value										
As at March 31, 2019	436.00	11.20	25.26	9.65	13.68	42.53	538.32	78.50	-	616.82
As at March 31, 2020	1,025.48	22.08	20.62	8.01	11.67	25.26	1,113.12	107.69	225.53	1,446.34

Note:

* Charge against secured redeemable non-convertible debentures (Refer note 23.B)

* Effective 1 April 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on 1 April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs 237.51 millions and a lease liability of Rs 268.07 millions. The cumulative effect of applying the standard resulted in Rs. 22.87 millions being debited to retained earnings, net of taxes. (please refer note 41. C for more details)

The Company has decided to change to revaluation model from cost model for accounting of a class of fixed assets (i.e. Flats and building) as at March 31, 2020. Accordingly, the management has approved revaluation of owned land and buildings classified under property, plant and equipment. Management has adopted valuations made by duly appointed independent valuer. Accordingly, the Company has recognised the revaluation gain of Rs 457.43 millions (net of tax) in other comprehensive income for the year ended March 31, 2020.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

21. Other non-financial assets

(Unsecured considered good, unless stated otherwise)

	As at March 31, 2020	As at March 31, 2019
Input tax credit	529.42	353.52
Prepaid expenses	260.22	31.06
Vendor advances	239.49	25.61
Advances recoverable in cash or in kind or for value to be received	238.39	0.75
Advances to employees	20.02	3.36
Others	-	17.11
	1,287.54	431.41

22. Trade Payables

Payable to :

Trade payables to non-related parties

1,078.33 2,560.85

(includes sundry creditors, provision for expenses, customer payables and net payable for settlement to clearing house)

Trade payables to related parties

425.08 852.46

(refer note 49 related party disclosure)

1,503.41 3,413.31

22.A Details of dues to micro and small enterprises

Trade Payables includes Rs. Nil (March 31, 2019: 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.

23. Debt securities

at amortised cost

(Refer Note 23.A and 23.B)

Redeemable non-convertible debentures - secured

Privately placed	41,988.66	45,351.78
Public issue	32,309.48	29,552.37
Market linked debentures	1,914.86	8,237.72

INR Bonds

INR denominated USD settled notes (masala bonds)	-	5,197.22
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Compulsory Convertible Debentures - unsecured

9% Compulsory Convertible debentures	11,042.44	-
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Redeemable non-convertible debentures - unsecured

Privately placed	141.94	906.16
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Commercial papers - unsecured

Less : Unamortised discount	(13.67)	(23.40)
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1,236.33 5,626.60

Total

88,633.71 94,871.85

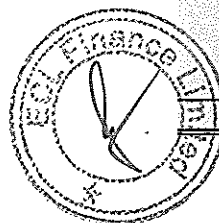
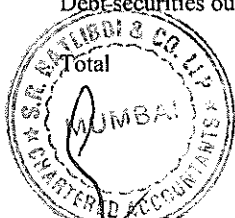
Debt securities in India

88,633.71 89,674.63

Debt securities outside India

- 5,197.22

88,633.71 94,871.85



23.A Maturity profile and rate of interest of debt securities are set out below:

As at March 31, 2020

Redeemable non-convertible debentures - secured

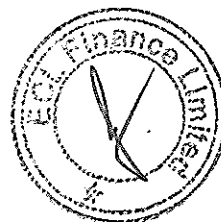
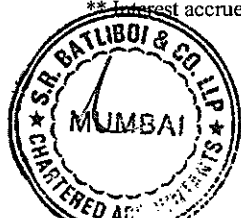
Month	Rate of Interest						Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	MLD*	
Apr 2020	-	186.00	-	-	-	85.00	271.00
May 2020	-	37.00	215.00	-	-	24.00	276.00
Jun 2020	-	314.30	600.00	-	-	80.00	994.30
Jul 2020	-	28.00	-	-	-	45.70	73.70
Aug 2020	-	-	-	-	-	84.50	84.50
Oct 2020	-	-	-	1,333.33	-	54.00	1,387.33
Nov 2020	-	-	-	-	-	10.00	10.00
Dec 2020	14,990.00	500.00	1,220.00	-	-	20.20	16,730.20
Jan 2021	-	-	-	-	-	20.00	20.00
Mar 2021	-	1,000.00	-	-	-	-	1,000.00
Apr 2021	-	-	-	-	-	15.00	15.00
May 2021	327.00	-	-	-	-	50.00	377.00
Jun 2021	-	-	600.00	-	-	-	600.00
Aug 2021	-	-	9,631.26	-	-	-	9,631.26
Sep 2021	-	5,000.00	-	-	-	-	5,000.00
Nov 2021	144.53	-	740.07	-	-	-	884.60
Jan 2022	-	-	-	-	-	20.00	20.00
Mar 2022	-	-	-	-	-	245.90	245.90
Apr 2022	-	-	-	2,357.26	-	-	2,357.26
Aug 2022	186.02	-	-	648.01	-	-	834.03
Oct 2022	-	-	750.00	-	-	369.20	1,119.20
Feb 2023	156.66	-	-	389.48	-	-	546.14
Jul 2023	-	-	-	-	-	22.50	22.50
Aug 2023	-	-	3,882.41	-	-	4.00	3,886.41
Oct 2023	-	-	750.00	-	-	-	750.00
Jan 2024	-	290.00	1,213.52	2,349.02	-	-	3,852.54
May 2024	144.97	-	615.29	296.88	-	-	1,057.14
Oct 2024	-	-	750.00	-	-	-	750.00
Nov 2024	896.52	-	860.54	473.58	-	-	2,230.64
Dec 2024	-	-	-	200.00	-	-	200.00
Feb 2025	-	-	-	50.00	-	-	50.00
Mar 2025	-	-	-	100.00	-	-	100.00
Apr 2025	-	-	100.00	-	-	-	100.00
Aug 2025	-	-	-	-	-	30.00	30.00
Sep 2025	-	-	-	-	-	70.00	70.00
Oct 2025	-	-	1,075.00	-	-	-	1,075.00
Nov 2025	-	-	-	360.00	-	-	360.00
Dec 2025	-	-	250.00	-	-	10.00	260.00
Jan 2026	-	-	-	-	-	8.00	8.00
Mar 2026	-	-	250.00	-	-	400.00	650.00
May 2026	-	-	200.00	-	-	-	200.00
Jun 2026	-	-	225.00	-	-	-	225.00
Aug 2026	-	-	-	-	-	16.30	16.30
Mar 2027	-	5,000.00	-	-	-	-	5,000.00
Sep 2027	-	1,250.00	-	-	-	-	1,250.00
Aug 2028	-	-	4,054.22	-	-	-	4,054.22
Jan 2029	-	-	-	2,320.06	-	-	2,320.06
May 2029	-	-	280.46	59.72	-	-	340.18
Nov 2029	-	-	490.02	404.78	-	-	894.80
	16,845.70	13,605.30	28,752.79	11,342.12	-	1,684.30	72,230.21

Add: interest accrued & effective interest rate amortisation** 3,982.79

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.

76,213.00



23.A Maturity profile and rate of interest of debt securities are set out below:

Redeemable non-convertible debentures - unsecured

Month	Rate of Interest						Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	MLD*	
Aug 2023	-	-	21.60	-	-	-	21.60
Apr 2026	-	-	110.00	-	-	-	110.00
	-	-	131.60	-	-	-	131.60

Add: interest accrued & effective interest rate amortisation** 10.34

141.94

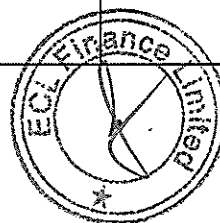
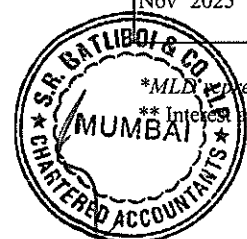
As at March 31, 2019

Redeemable non-convertible debentures - secured

Month	Rate of Interest						Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	MLD*	
Apr 2019	-	-	-	-	-	90.00	90.00
May 2019	-	-	125.00	-	470.00	180.70	775.70
Jun 2019	650.00	600.00	-	-	-	206.60	1,456.60
Jul 2019	-	-	-	-	125.00	156.50	281.50
Aug 2019	-	-	125.00	2,500.00	-	1,868.70	4,493.70
Sep 2019	-	250.00	-	-	-	143.00	393.00
Oct 2019	-	-	-	-	-	348.60	348.60
Nov 2019	-	-	125.00	-	-	343.30	468.30
Dec 2019	-	-	1,650.00	-	-	335.50	1,985.50
Jan 2020	-	-	-	-	-	536.60	536.60
Feb 2020	-	-	375.00	-	-	213.30	588.30
Mar 2020	-	-	500.00	1,404.69	-	269.00	2,173.69
Apr 2020	-	144.00	42.00	-	-	243.50	429.50
May 2020	-	37.00	215.00	-	-	24.00	276.00
Jun 2020	-	914.30	-	-	-	80.00	994.30
Jul 2020	-	-	28.00	-	-	45.70	73.70
Aug 2020	-	-	-	-	-	84.50	84.50
Oct 2020	-	-	-	2,666.67	-	54.00	2,720.67
Nov 2020	-	-	-	-	-	10.00	10.00
Dec 2020	10,840.00	500.00	1,220.00	-	-	20.20	12,580.20
Jan 2021	-	-	-	-	-	20.00	20.00
Mar 2021	-	1,000.00	-	-	-	-	1,000.00
Apr 2021	-	-	-	-	-	15.00	15.00
May 2021	-	-	-	-	-	50.00	50.00
Jun 2021	-	600.00	-	-	-	-	600.00
Aug 2021	-	-	11,077.91	-	-	-	11,077.91
Sep 2021	-	-	5,000.00	-	-	-	5,000.00
Jan 2022	-	-	-	-	-	1,119.50	1,119.50
Apr 2022	767.28	-	-	1,670.89	-	-	2,438.17
Oct 2022	-	-	750.00	-	-	-	750.00
Aug 2023	-	-	3,922.47	-	-	-	3,922.47
Oct 2023	-	-	750.00	-	-	-	750.00
Jan 2024	586.68	-	1,720.86	1,790.72	-	-	4,098.26
Oct 2024	-	-	750.00	-	-	-	750.00
Dec 2024	-	-	-	200.00	-	-	200.00
Feb 2025	-	-	-	50.00	-	-	50.00
Mar 2025	-	-	-	100.00	-	-	100.00
Apr 2025	-	-	-	100.00	-	-	100.00
Aug 2025	-	-	-	-	-	30.00	30.00
Sep 2025	-	-	-	-	-	70.00	70.00
Oct 2025	-	-	875.00	200.00	-	-	1,075.00
Nov 2025	-	-	-	360.00	-	-	360.00

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.



23.A Maturity profile and rate of interest of debt securities are set out below:

Month	Rate of Interest						Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	MLD*	
Dec 2025	-	-	250.00	-	-	10.00	260.00
Jan 2026	-	-	-	-	-	8.00	8.00
Mar 2026	-	-	250.00	-	-	400.00	650.00
May 2026	-	-	200.00	-	-	-	200.00
Jun 2026	-	-	225.00	-	-	-	225.00
Aug 2026	-	-	-	-	-	18.00	18.00
Mar 2027	-	-	5,000.00	-	-	-	5,000.00
Sep 2027	-	1,250.00	-	-	-	-	1,250.00
Aug 2028	-	-	4,698.48	-	-	-	4,698.48
Jan 2029	-	-	-	2,938.90	-	-	2,938.90
	12,843.96	5,295.30	39,874.72	13,981.87	595.00	6,994.20	79,585.05

Add: interest accrued & effective interest rate amortisation** 3,556.82

83,141.87**INR Bonds**

Month	Rate of Interest					Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
Dec 2019	-	-	5,020.00	-	-	5,020.00
	-	-	5,020.00	-	-	5,020.00

Add: interest accrued & effective interest rate amortisation** 177.22

5,197.22**Redeemable non-convertible debentures - unsecured**

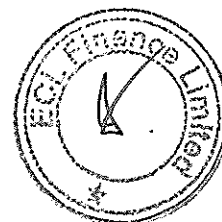
Month	Rate of Interest						Grand total
	0.00%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	MLD*	
Feb 2020	-	-	-	-	-	600.00	600.00
Aug 2023	-	-	21.60	-	-	-	21.60
Apr 2026	-	-	110.00	-	-	-	110.00
	-	-	131.60	-	-	600.00	731.60

Add: interest accrued & effective interest rate amortisation** 174.56

906.16

*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

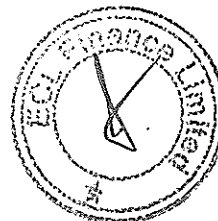
(Currency: Indian rupees in million)

23.A Maturity profile and rate of interest of debt securities are set out below:**Commercial papers - unsecured****As at March 31, 2020**

Month	Rate of Interest					Grand total
	7% - 8%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
May 2020	-	-	1,236.33	-	-	1,236.33
	-	-	1,236.33	-	-	1,236.33

As at March 31, 2019

Month	Rate of Interest					Grand total
	7% - 8%	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
Apr 2019	-	4,987.15	-	-	-	4,987.15
May 2019	-	-	493.07	-	-	493.07
Jul 2019	-	-	146.38	-	-	146.38
	-	4,987.15	639.45	-	-	5,626.60



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

23.B Details of debt securities:

Redeemable non-convertible debentures - secured

Privately placed:

Privately placed debentures are secured by pari passu charge on receivables from financing business, securities held for trading and property (excluding intangible assets).

Public issue:

Debentures are secured by pari passu charge on receivables from financing business, securities held for trading and property (excluding intangible assets) and corporate guarantee from parent

During the previous year, the Company has raised Rs 7,325.95 millions worth of redeemable non-convertible debentures through public issue. As at March 31 2020 the Company has utilised the whole of the aforementioned net proceeds towards the objects of the issue as stated in the prospectus.

Market linked debentures:

Market linked debentures are secured by pari passu charge on receivables from financing business, securities held for trading and property (excluding intangible assets).

In case of market linked debentures the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

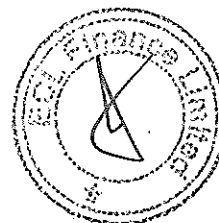
Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level(s).

INR Bonds (Masala Bond):

Debentures are secured by pari passu charge on receivables from financing business and securities held for trading.

Compulsory Convertible Debentures

9.00%, Compulsory Convertible Debentures (CCD) of Re 100 each fully paid are compulsory convertible into equity shares at conversion rate to be decided based on fair value of equity shares, at any time after 24 months from the date of allotment and within 5 years from date of allotment.

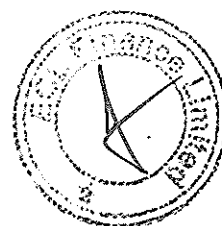
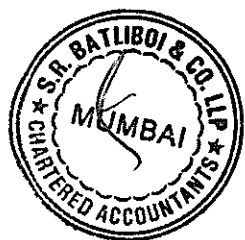


ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
24. Borrowings other than debt securities <i>(at amortised cost)</i>		
Secured		
<u>Term loan from bank</u>	55,452.88	77,944.85
[Secured by charge on receivables from financing business] (Refer Note 24.A)		
<u>Term loans from financial institutions</u>	7,419.74	7,009.22
[Secured by charge on receivables from financing business] (Refer note 24.A)		
<u>Other borrowings</u>		
Cash credit lines	14,166.77	22,322.04
[Secured by charge on receivables from financing business] (Repayable on demand, Interest rate payable in the range of 8.50% to 10%)		
Working capital demand loan	8,309.04	2,900.00
[Secured by charge on receivables from financing business] (Repayable on demand, Interest rate payable in the range of 8.65% to 10%)		
Tri party REPO		
TREPS facilitates, borrowing and lending of funds, in Triparty repo arrangement	7,752.70	2,097.03
[Secured by pledge of government securities] [Repayable on April 1, 2020 (March 2019; Repayable on April 02, 2019)]		
Unsecured		
<u>Loan from related parties (refer note 48)</u>	76.32	1,014.31
(Repayable on demand, Interest rate payable in the range of 11.00% to 12.25%)		
Total	93,177.45	1,13,287.45
Borrowings in India	93,177.45	1,13,287.45
Borrowings from outside India	-	-
Total	93,177.45	1,13,287.45



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

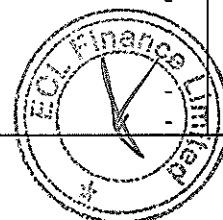
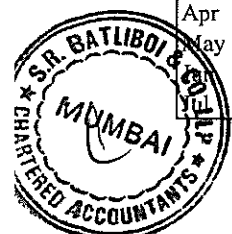
(Currency: Indian rupees in million)

24.A Maturity profile and rate of interest of borrowings from bank and other parties are set out below:

As at March 31, 2020

Term loan from bank & term loan from other parties

Month	Rate of Interest				Grand total
	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
Apr 2020	283.40	615.90	50.00	-	949.30
May 2020	100.00	187.50	25.00	-	312.50
Jun 2020	1,552.48	2,302.53	588.06	225.00	4,668.07
Jul 2020	732.60	540.90	72.37	125.00	1,470.87
Aug 2020	100.00	187.50	25.00	-	312.50
Sep 2020	3,219.15	1,869.20	425.56	225.00	5,738.91
Oct 2020	200.00	565.90	22.37	125.00	913.27
Nov 2020	100.00	187.50	25.00	-	312.50
Dec 2020	1,551.68	1,969.10	320.00	225.00	4,065.78
Jan 2021	650.00	540.90	-	125.00	1,315.90
Feb 2021	100.00	187.50	25.00	-	312.50
Mar 2021	3,135.75	1,869.20	320.00	50.00	5,374.95
Apr 2021	200.00	565.90	-	125.00	890.90
May 2021	100.00	175.00	25.00	-	300.00
Jun 2021	1,469.08	1,969.20	320.00	50.00	3,808.28
Jul 2021	650.00	541.00	-	125.00	1,316.00
Aug 2021	100.00	150.00	25.00	-	275.00
Sep 2021	2,969.08	1,869.10	320.00	-	5,158.18
Oct 2021	200.00	475.00	-	50.00	725.00
Nov 2021	100.00	150.00	25.00	-	275.00
Dec 2021	1,469.08	1,906.60	282.50	-	3,658.18
Jan 2022	650.00	450.00	-	50.00	1,150.00
Feb 2022	100.00	150.00	25.00	-	275.00
Mar 2022	2,906.58	665.00	150.00	-	3,721.58
Apr 2022	200.00	475.00	-	50.00	725.00
May 2022	100.00	150.00	-	-	250.00
Jun 2022	1,406.58	550.00	-	-	1,956.58
Jul 2022	650.00	450.00	-	50.00	1,150.00
Aug 2022	100.00	150.00	-	-	250.00
Sep 2022	2,856.58	450.00	-	-	3,306.58
Oct 2022	250.00	475.00	-	-	725.00
Nov 2022	100.00	150.00	-	-	250.00
Dec 2022	450.00	350.00	-	-	800.00
Jan 2023	600.00	125.00	-	-	725.00
Feb 2023	100.00	150.00	-	-	250.00
Mar 2023	100.00	450.00	-	-	550.00
Apr 2023	150.00	475.00	-	-	625.00
May 2023	-	150.00	-	-	150.00
Jun 2023	-	350.00	-	-	350.00
Jul 2023	-	125.00	-	-	125.00
Aug 2023	-	150.00	-	-	150.00
Sep 2023	-	450.00	-	-	450.00
Oct 2023	-	475.00	-	-	475.00
Nov 2023	-	150.00	-	-	150.00
Dec 2023	-	350.00	-	-	350.00
Jan 2024	-	125.00	-	-	125.00
Feb 2024	-	150.00	-	-	150.00
Mar 2024	-	400.00	-	-	400.00
Apr 2024	-	175.00	-	-	175.00
May 2024	-	150.00	-	-	150.00
Jun 2024	-	175.00	-	-	175.00
Jul 2024	-	50.00	-	-	50.00



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

24.A Maturity profile and rate of interest of borrowings from bank and other parties are set out below:

Term loan from bank & term loan from other parties (contd.)

Month	Rate of Interest				Grand total
	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
Sep 2024	-	175.00	-	-	175.00
Oct 2024	-	100.00	-	-	100.00
Dec 2024	-	175.00	-	-	175.00
Jan 2025	-	50.00	-	-	50.00
Mar 2025	-	25.00	-	-	25.00
	29,702.04	28,440.43	3,070.86	1,600.00	62,813.33

Add: interest accrued & effective interest rate amortisation** 59.29

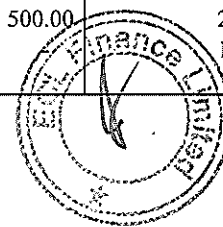
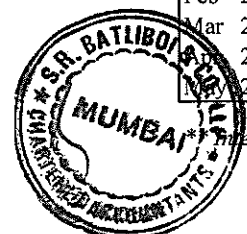
62,872.62

As at March 31, 2019

Term loan from bank & term loan from other parties

Month	Rate of Interest				Grand total
	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
Apr 2019	83.40	140.90	500.00	-	724.30
May 2019	-	37.50	187.50	-	225.00
Jun 2019	511.20	2,961.16	693.06	200.00	4,365.42
Jul 2019	83.40	640.90	422.37	-	1,146.67
Aug 2019	125.00	137.50	87.50	-	350.00
Sep 2019	927.47	2,484.08	568.06	500.00	4,479.61
Oct 2019	83.40	140.90	1,972.37	-	2,196.67
Nov 2019	-	37.50	187.50	-	225.00
Dec 2019	458.40	6,454.08	668.06	200.00	7,780.54
Jan 2020	83.40	590.90	422.37	-	1,096.67
Feb 2020	-	137.50	25.00	-	162.50
Mar 2020	575.07	2,320.75	518.06	500.00	3,913.88
Apr 2020	83.40	140.90	1,972.37	-	2,196.67
May 2020	-	37.50	125.00	-	162.50
Jun 2020	358.40	2,654.08	593.06	200.00	3,805.54
Jul 2020	82.60	590.90	422.37	-	1,095.87
Aug 2020	-	137.50	25.00	-	162.50
Sep 2020	475.07	2,220.75	430.56	500.00	3,626.38
Oct 2020	-	140.90	1,922.37	-	2,063.27
Nov 2020	-	37.50	125.00	-	162.50
Dec 2020	307.60	6,074.91	475.00	200.00	7,057.51
Jan 2021	-	590.90	350.00	-	940.90
Feb 2021	-	137.50	25.00	-	162.50
Mar 2021	391.67	1,899.91	325.00	500.00	3,116.58
Apr 2021	-	140.90	1,900.00	-	2,040.90
May 2021	-	37.50	125.00	-	162.50
Jun 2021	225.00	1,949.91	425.00	200.00	2,799.91
Jul 2021	-	591.00	350.00	-	941.00
Aug 2021	-	137.50	25.00	-	162.50
Sep 2021	225.00	1,849.91	325.00	500.00	2,899.91
Oct 2021	-	50.00	1,825.00	-	1,875.00
Nov 2021	-	37.50	125.00	-	162.50
Dec 2021	225.00	6,091.58	425.00	200.00	6,941.58
Jan 2022	-	500.00	275.00	-	775.00
Feb 2022	-	137.50	25.00	-	162.50
Mar 2022	225.00	1,246.58	325.00	500.00	2,296.58
2022	-	50.00	1,825.00	-	1,875.00
2022	-	37.50	100.00	-	137.50

Interest accrued but not due is payable on next interest payment date for respective term loan



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

24.A Maturity profile and rate of interest of borrowings from bank and other parties are set out below:

Term loan from bank & term loan from other parties (contd.)

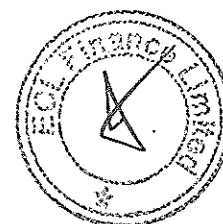
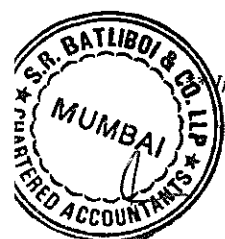
Month	Rate of Interest				Grand total
	8% - 9%	9% - 10%	10% - 11%	11% - 12%	
Jun 2022	100.00	1,056.58	425.00	200.00	1,781.58
Jul 2022	-	500.00	275.00	-	775.00
Aug 2022	-	137.50	-	-	137.50
Sep 2022	100.00	956.58	325.00	500.00	1,881.58
Oct 2022	-	50.00	1,775.00	-	1,825.00
Nov 2022	-	37.50	100.00	-	137.50
Dec 2022	50.00	150.00	425.00	-	625.00
Jan 2023	-	500.00	225.00	-	725.00
Feb 2023	-	137.50	-	-	137.50
Mar 2023	50.00	-	325.00	-	375.00
Apr 2023	-	-	525.00	-	525.00
May 2023	-	37.50	-	-	37.50
Jun 2023	-	-	175.00	-	175.00
Jul 2023	-	-	75.00	-	75.00
Sep 2023	-	-	275.00	-	275.00
Oct 2023	-	-	375.00	-	375.00
Dec 2023	-	-	175.00	-	175.00
Jan 2024	-	-	75.00	-	75.00
Mar 2024	-	-	225.00	-	225.00
Apr 2024	-	-	75.00	-	75.00
	5,829.48	47,167.46	26,967.58	4,900.00	84,864.52

Add: interest accrued & effective interest rate amortisation**

89.55

84,954.07

Interest accrued but not due is payable on next interest payment date for respective term loan



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
25. Subordinated liabilities (unsecured)		
<i>(at amortised cost)</i>		
<i>(Refer Note 25.A)</i>		
Subordinated debt		
Privately placed non-convertible redeemable	8,350.18	8,318.84
Public issue of non-convertible redeemable	4,409.10	4,357.01
Market linked debentures	3,756.95	4,045.92
Perpetual debt	3,273.05	3,272.82
Total	19,789.28	19,994.59
Subordinated liabilities in India	19,789.28	19,994.59
Subordinated liabilities outside India	-	-
Total	19,789.28	19,994.59

25.A Maturity profile and rate of interest of subordinated liabilities are set out below:

As at March 31, 2020

Subordinated debt (unsecured)

Month	Rate of Interest				Grand total
	9% - 10%	10% - 11%	11% - 12%	MLD*	
Apr 2020	-	-	3,955.06	-	3,955.06
Sep 2020	-	-	500.00	-	500.00
Dec 2020	-	-	200.00	-	200.00
Jun 2022	-	-	500.00	-	500.00
Jun 2023	-	-	-	1,253.30	1,253.30
Jul 2023	-	-	-	253.00	253.00
Aug 2023	-	-	-	1,179.50	1,179.50
May 2025	-	-	2,998.00	-	2,998.00
Jun 2025	50.00	-	-	-	50.00
Sep 2025	-	200.00	-	-	200.00
Jun 2026	-	2,500.00	-	-	2,500.00
Apr 2027	450.00	-	-	-	450.00
Jun 2027	100.00	-	-	-	100.00
Sep 2027	200.00	-	-	-	200.00
Oct 2027	1,000.00	-	-	-	1,000.00
	1,800.00	2,700.00	8,153.06	2,685.80	15,338.86

Add: interest accrued & effective interest rate amortisation**

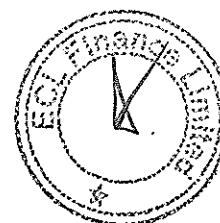
1,177.37

16,516.23



*MLD represents market linked debentures

** Interest accrued but not due is payable on next interest payment date for respective ISINs.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

Perpetual debt

Month	Rate of Interest			Grand total
	9% - 10%	10% - 11%	11% - 12%	
May 2027	-	3,000.00	-	3,000.00
	-	3,000.00	-	3,000.00

Add: interest accrued & effective interest rate amortisation** 273.05

3,273.05

As at March 31, 2019

Subordinated debt (unsecured)

Month	Rate of Interest				Grand total
	9% - 10%	10% - 11%	11% - 12%	MLD*	
Apr 2020	-	-	4,000.00	-	4,000.00
Sep 2020	-	-	500.00	-	500.00
Dec 2020	-	-	200.00	-	200.00
Jun 2022	-	-	500.00	-	500.00
Jun 2023	-	-	-	1,751.60	1,751.60
Jul 2023	-	-	-	253.00	253.00
Aug 2023	-	-	-	1,179.50	1,179.50
May 2025	-	-	3,000.00	-	3,000.00
Jun 2025	50.00	-	-	-	50.00
Sep 2025	-	200.00	-	-	200.00
Jun 2026	-	2,500.00	-	-	2,500.00
Apr 2027	450.00	-	-	-	450.00
Jun 2027	100.00	-	-	-	100.00
Sep 2027	200.00	-	-	-	200.00
Oct 2027	1,000.00	-	-	-	1,000.00
	1,800.00	2,700.00	8,200.00	3,184.10	15,884.10

Add: interest accrued & effective interest rate amortisation** 837.67

16,721.77

Perpetual debt

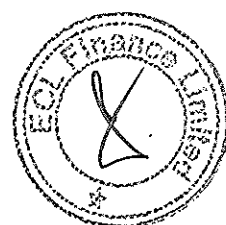
Month	Rate of Interest			Grand Total
	9% - 10%	10% - 11%	11% - 12%	
May 2027	-	3,000.00	-	3,000.00
	-	3,000.00	-	3,000.00

Add: interest accrued & effective interest rate amortisation** 272.82

3,272.82



Interest accrued but not due is payable on next interest payment date for respective ISINs.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

25.B Details of subordinated liabilities:

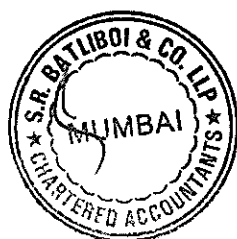
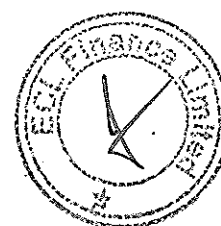
Market Linked Debentures:

In case of market linked debentures the interest rate is linked to the performance of the underlying indices and is fluctuating in nature.

Certain benchmark linked debentures have a clause for an early redemption event which is automatically triggered on the achievement of pre determined benchmark index level.

Perpetual debt:

Step up of 1% in coupon once during the life of the instrument after 10 years from the date of allotment. if call option is not exercised.



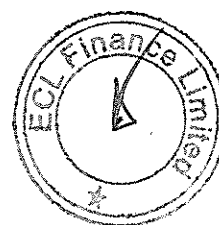
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

	As at March 31, 2020	As at March 31, 2019
26. Other financial liabilities		
Payable on account of securitisation	3,650.11	750.24
Book overdraft	44.03	1,622.07
Accrued salaries and benefits	7.50	529.57
Payable - SLB segment	253.51	673.72
Lease liabilities (refer note 41.C)	267.10	-
	4,222.25	3,575.60
27. Current tax liabilities (net)		
Provision for taxation (net of advance Tax ₹ 5,527.18, previous year ₹ 5,384.86 million)	192.61	289.96
	192.61	289.96
28. Provisions		
Provision for employee benefits		
Gratuity (Refer Note 40.A)	4.77	4.40
Compensated leave absences	19.84	24.89
	24.61	29.29
29. Other non-financial liabilities		
Statutory liabilities*	280.09	56.17
Others	65.54	156.32
	345.63	212.49

* Includes withholding taxes, Provident fund, profession tax and other statutory dues payables



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

30. Equity share capital

Authorised :

Equity shares of Re.1 each
Preference shares of Rs 10 each

Issued, subscribed and paid up:

Equity shares of Re.1 each

As at March 31, 2020		As at March 31, 2019	
No of shares	Amount	No of shares	Amount
6,70,00,00,000	6,700.00	6,70,00,00,000	6,700.00
40,00,000	40.00	40,00,000	40.00
6,70,40,00,000	6,740.00	6,70,40,00,000	6,740.00
2,13,82,67,650	2,138.27	2,13,82,66,650	2,138.27
2,13,82,67,650	2,138.27	2,13,82,66,650	2,138.27

A. Reconciliation of number of shares

Outstanding at the beginning of the year
Shares issued during the year*
Outstanding at the end of the year

As at March 31, 2020		As at March 31, 2019	
No of shares	Amount	No of shares	Amount
2,13,82,66,650	2,138.27	1,94,81,07,252	1,948.11
1,000	0*	19,01,59,398	190.16
2,13,82,67,650	2,138.27	2,13,82,66,650	2,138.27

Notes:

Financial year 2020

During the year the Company has issued 1000 fully paid-up equity shares of ₹ 1 each at a premium of ₹ 31 each for aggregate consideration of ₹ 32,000 to CDPQ Private Equity Asia Pte Limited.

Financial year 2019

During the year the Company has issued 19,01,59,398 fully paid-up equity shares of ₹ 1 each at a premium of ₹ 20.33 each for aggregate consideration of ₹ 4,056.10 million to Edel Finance Company Limited and Edelweiss Financial Services Limited.

B. Terms/rights attached to equity shares :

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion to the number of equity shares held by the shareholders.

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

Holding company

Edelweiss Financial Services Limited

Fellow subsidiaries

Edelweiss Securities Limited
Edelweiss Rural & Corporate Services Limited
Edel Finance Limited

Others

CDPQ Private Equity Asia Pte Limited.

As at March 31, 2020		As at March 31, 2019	
No of shares	% holding	No of shares	% holding
1,66,19,89,133	77.73%	1,66,19,89,133	77.73%
9,74,16,683	4.56%	9,74,16,683	4.56%
29,44,72,650	13.77%	29,44,72,650	13.77%
8,43,88,184	3.95%	8,43,88,184	3.95%
1,000	0.00%	-	0.00%
2,13,82,67,650	100.00%	2,13,82,66,650	100.00%

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

Holding company#

Edelweiss Financial Services Limited

Fellow subsidiaries

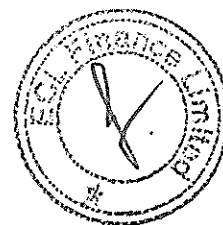
Edelweiss Rural & Corporate Services Limited

As at March 31, 2020		As at March 31, 2019	
No of shares	% holding	No of shares	% holding
1,66,19,89,133	77.73%	1,66,19,89,133	77.73%
29,44,72,650	13.77%	29,44,72,650	13.77%
1,95,64,61,783	91.50%	1,95,64,61,783	91.50%

including 6 shares held by nominees of Edelweiss Financial Services Limited

E. There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.

The Company has not issued any shares for consideration other than cash



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

31. Other equity

	As at March 31, 2020	As at March 31, 2019
Securities premium reserve	11,879.96	11,879.93
Statutory reserve	5,024.31	5,024.31
Debenture redemption reserve	3,837.87	3,837.87
Retained earnings	1,305.75	15,474.12
Deemed capital contribution - equity	140.02	140.02
Revaluation Reserve	457.43	-
	22,645.34	36,356.25

A. Nature and purpose of reserves

a. Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

b. Statutory reserve

Reserve created under 45-IC(1) in The Reserve Bank of India Act, 1934 a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

c. Debenture redemption reserve

The Companies Act 2013 requires companies that issue debentures to create a debenture redemption reserve from annual profits until such debentures are redeemed. Company being NBFC has to maintain debenture redemption reserve upto 25% of the value of debentures issued through public issue. The amounts credited to the debenture redemption reserve may not be utilised except to redeem debentures. On redemption of debentures, the amount may be transferred from debenture redemption reserve to retained earnings. However, as per the amendment in the Companies Act 2013, debenture redemption reserve is not required for debentures issued by Non-Banking Finance Companies regulated by Reserve Bank of India for both public as well as privately placed debentures

d. Retained earnings

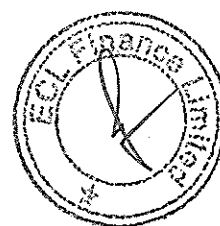
Retained earnings comprises of the Company's undistributed earnings after taxes.

e. Deemed capital contribution - equity

Deemed capital contribution relates to share options granted to eligible employees of the Company by the parent company under its employee share option plan.

f. Revaluation Reserve

The revaluation reserve relates to the revaluation of property, plant and equipment done



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

31. Other equity

B. Movement in Other equity

	As at March 31, 2020	As at March 31, 2019
I. Securities premium reserve		
Opening balance	11,879.93	7,983.01
Add : Premium Received on issue of securities	0.03	3,896.92
	11,879.96	11,879.93
II. Statutory reserve		
Opening balance	5,024.31	3,892.54
Add : Reserve created for the year	-	1,131.77
	5,024.31	5,024.31
III. Debenture redemption reserve		
Opening balance	3,837.87	1,720.61
Add : Reserve created for the year	-	2,117.26
	3,837.87	3,837.87
IV. Retained earnings		
Opening balance	15,474.12	13,327.50
Add: (Loss) / Profit for the year	(14,144.59)	5,658.83
Add: Other comprehensive income	(0.91)	(3.30)
Less: Income tax effect of ESOP	-	(259.88)
Less: Impact of Lease accounting	(22.87)	-
Amount available for appropriation	1,305.75	18,723.15
Appropriations:		
Transfer to debenture redemption reserve	-	(2,117.26)
Transfer to statutory reserve	-	(1,131.77)
	-	(3,249.03)
	1,305.75	15,474.12
V. Deemed capital contribution - equity		
Opening balance	140.02	140.02
Add : ESOP charge for the year	-	-
	140.02	140.02
VI. Revaluation Reserve		
Opening Balance	-	-
Add : Reserve Created during the year	457.43	-
	457.43	-
	22,645.34	36,356.25



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

32. Interest Income

On financial assets measured at amortised cost

Interest on loans

Loans

31,962.15 35,233.31

Interest income from investments

Collateralised borrowing and lending operations / TriParty REPO

19.89 93.88

Investment in preference shares

63.39 58.05

Interest on deposits with bank

Fixed deposits

59.81 45.42

Other interest income

Margin with brokers

132.00 33.39

Others

26.70 31.09

32,263.94 35,495.14

On financial assets measured at FVTPL

Interest income from investments

Interest income - securities held for trading

1,466.44 2,099.35

1,466.44 2,099.35

33,730.38 37,594.49

33. Dividend Income

Dividend - Securities held for trading

1,466.33 1,902.68

Dividend - preference shares

0.70 0.70

1,467.03 1,903.38

34. Fee income

Processing and other fees

1,369.00 1,173.28

1,369.00 1,173.28

35. Net gain/ (loss) on financial instruments at FVTPL

Investments

Profit on trading - Securities held for trading (net)

1,749.07 690.70

Fair value - Securities held for trading (net)

(1,714.75) (1,867.21)

Derivatives

Profit on trading - Interest rate swap (net)

75.77 52.37

Profit on trading - Equity derivative instruments (net)

769.19 14.43

Profit on trading - Currency derivative instruments (net)

- -

Profit / (loss) on trading - Interest rate derivative instruments (net)

(381.88) 28.29

Fair value - Derivative financial instruments (net)

(210.11) 156.95

Others

Profit on sale/redemption - Security receipts

70.25 561.44

Fair value - Security receipts

(775.88) (282.13)

(Refer note 39.A)

(418.34) (645.16)

Fair value changes

Realised

2,282.40 1,347.23

Unrealised

(2,700.74) (1,992.39)

(418.34) (645.16)

36. Other income

Miscellaneous income

28.46 148.59

28.46 148.59



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

37. Finance costs

On financial liabilities measured at amortised cost

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest on borrowings other than debt securities	11,234.42	12,369.14
Interest on debt securities	11,001.21	10,191.50
Interest on subordinated liabilities	1,415.87	1,404.30
Other finance cost and bank charges	585.10	433.32
Interest on lease liabilities	28.85	-
(Refer note 41.C)		

24,265.45 24,398.26

38. Net loss on derecognition of financial instruments

(Refer note 39.A)

Loss on sale of credit impaired assets <i>(Refer note 54.D)</i>	12,101.74	970.36
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12,101.74 970.36

39. Impairment on financial instruments

(Refer note 39.A)

Provision for diminution in value of Investment	46.23	-
Expected credit loss		
Loans (Including undrawn commitments)	10,413.67	1,502.30
Trade receivables	20.52	0.32
Other Credit Cost	770.29	-
Provision for credit loss on securitisation	2.27	(4.21)

11,252.98 1,498.41

39.A During the year ended March 31, 2020, the Company completed its re-assessment of probability of default, loss given default in respect of exposures to certain sectors that were experiencing operational challenges. Credit and market risks for certain counter parties increased significantly relative to such risks at initial recognition, resulting in recognition of higher amount of expected credit losses and gain/loss on fair value changes for the year ended March 31, 2020. Management judgement for expected credit losses and gain/loss on fair values changes has been accentuated on account of factors caused by the COVID-19 pandemic. Accordingly, the Company has recorded for the year ended March 31, 2020, an amount of Rs. 11,252.98 millions towards impairment on financial instruments, Rs. 12,101.74 towards net loss on derecognition of financial instrument and Rs. 775.88 towards fair value change on security receipts.

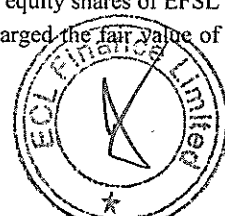
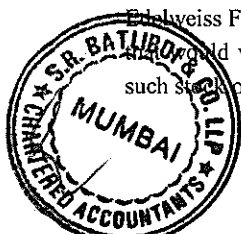
40. Employee benefit expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries wages and bonus	1,531.49	2,198.79
Contribution to provident and other funds	106.90	110.49
Expense on share based payments - refer note below	46.66	45.69
Staff welfare expenses	51.15	55.32

1,736.20 2,410.29

Notes:

Delhweiss Financial Services Limited ("EFSL") the holding Company has granted an ESOP/ESAR option to acquire equity shares of EFSL which would vest in a graded manner to Company's employees. Based on group policy / arrangement, EFSL has charged the fair value of such stock options, Company has accepted such cross charge and recognised the same under the employee cost.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

40.A Employee Benefits

a) Defined contribution plan - provident funds

In accordance with Employees' Provident Fund and Miscellaneous Provisions Act, 1952, employees of the Company are entitled to receive benefits under the provident fund, a defined contribution plan, in which, both the employee and the Company contribute monthly at a determined rate. These contributions are made to a recognized provident fund administered by Regional Provident Fund Commissioner. The employees contribute 12% of their basic salary and the

The Company recognised Rs. 82.36 million (March 31, 2019 : Rs 83.21 million) for provident fund and other contributions in the Statement of profit and loss.

b) Defined benefit plan - gratuity

In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a non-contributory defined benefit arrangement providing lump-sum gratuity benefits expressed in terms of final monthly salary and year of service, covering all employees. The plan provides a lump sum payment to vested employees at retirement or termination of employment in accordance with the rules laid down in the Payment of Gratuity Act, 1972.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit

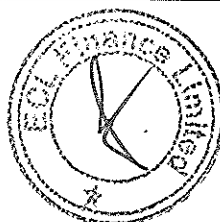
Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of funded obligations (A)	102.01	93.02
Fair value of plan assets (B)	97.24	88.62
Present value of funded obligations (A - B)	4.77	4.40
Net deficit / (assets) are analysed as:		
Liabilities - (refer note 27)	4.77	4.40

Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its

Particulars	Defined benefit obligation (DBO)		Fair value of plan assets		Net defined benefit (asset) liability	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Opening balance	93.02	58.74	88.62	59.48	4.40	(0.74)
Current service cost	19.82	21.16	-	-	19.82	21.16
Interest cost (income)	6.50	5.22	5.80	4.00	0.70	1.22
	119.34	85.12	94.42	63.48	24.92	21.64
Other comprehensive income						
Remeasurement loss (gain):	-	-	-	(0.02)	-	0.02
Experience	(11.28)	3.54	(5.72)	-	(5.56)	3.54
Financial assumptions	6.11	1.52	-	-	6.11	1.52
	(5.17)	5.06	(5.72)	(0.02)	0.55	5.08
Others						
Transfer in/ (out)	(0.09)	12.68	-	-	(0.09)	12.68
Contributions by employer	-	-	20.61	35.00	(20.61)	(35.00)
Benefits paid	(12.07)	(9.84)	(12.07)	(9.84)	-	-
Closing balance	102.01	93.02	97.24	88.62	4.77	4.40
Represented by						
Net defined benefit asset	-	-	-	-	-	-
Net defined benefit liability	4.77	4.40	4.77	4.40	4.77	4.40
	4.77	4.40	4.77	4.40	4.77	4.40



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

40.A Employee Benefits

Components of defined benefit plan cost:

Particulars	For year ended March 31, 2020	For year ended March 31, 2019
Recognised in statement of profit or loss		
Current service cost	19.82	21.16
Interest cost / (income) (net)	0.70	1.22
Total	20.52	22.38
Recognised in other comprehensive income		
Remeasurement of net defined benefit liability/(asset)	0.55	5.08
Total	0.55	5.08

Percentage break-down of total plan assets

Particulars	as at March 31, 2020	as at March 31, 2019
Investment funds with insurance company		
Of which, unit linked	97.24	88.62
	97.24	88.62

Note: None of the assets carry a quoted market price in an active market or represent the entity's own transferable financial instruments or are property occupied by the entity.

Actuarial assumptions:

The following were the principal actuarial assumptions at the reporting date:

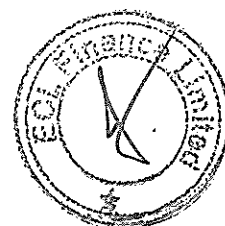
Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	5.90%	7.00%
Salary growth rate	7.00%	7.00%
Withdrawal/attrition rate (based on categories)	13% to 25%	13% to 25%
Mortality rate	IALM 2012-14(Ultimate)	IALM 2012-14(Ultimate)
Expected weighted average remaining working lives of employees	4 Years	5 Years
Interest rate on net DBO/ (asset) (% p.a.)	7.00%	7.30%

Notes:

a) The discount rate is based on the benchmark yields available on Government Bonds at reporting date.

b) The estimates of future salary increases take into account the inflation, seniority, promotion and other relevant factors.

c) Assumptions regarding future mortality experience are set in accordance with the statistics published by the Life Insurance Corporation of India.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

40.A Employee Benefits

Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Salary Growth Rate (+/- 1%)	5.61	(5.29)	5.36	(4.93)
Discount Rate (+/- 1%)	(5.30)	5.73	(4.89)	5.41
Withdrawal Rate (+/- 1%)	0.30	(0.33)	0.80	(0.78)

Note: The sensitivity is performed on the DBO at the respective valuation date by modifying one parameter whilst retaining other parameters constant. There are no changes from the previous year to the methods and assumptions underlying the sensitivity analyses.

Description of asset liability matching (ALM) policy

The Company has an insurance plan invested in market linked bonds. The investment returns of the market-linked plan are sensitive to the changes in interest rates. The liabilities' duration is not matched with the assets' duration.

Description of funding arrangements and funding policy that affect future contributions

The liabilities of the fund are funded by assets. The company aims to maintain a close to full-funding position at each Balance Sheet date. Future expected contributions are disclosed based on this principle.

Maturity profile

The average expected remaining lifetime of the plan members is 5 years (March 31, 2018: 5 years) as at the date of valuation. This represents the weighted average of the expected remaining lifetime of all plan participants.

Expected future contributions

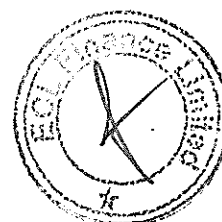
The Company expects to contribute Rs.5 million to the fund in the next financial year.

Asset liability comparisons

Particulars	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
Present value of DBO	102.01	93.02	58.74	46.95
Fair value of plan assets	97.24	88.62	59.48	50.31
Net (assets)/liability	4.77	4.40	(0.74)	(3.36)

C) Compensated absences :

The Company provides for accumulated compensated absences as at the balance sheet date using projected unit credit method based on actuarial valuation.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

41. Other expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Advertisement and business promotion	20.88	61.46
Auditors' remuneration (refer note 41.A)	17.02	13.28
Commission and brokerage	218.94	458.48
Communication	20.88	27.28
Directors' sitting fees	1.00	0.76
Insurance	0.34	0.16
Legal and professional fees	678.13	702.41
Management fees paid to Asset reconstruction companies	676.62	26.72
Printing and stationery	13.30	13.38
Rates and taxes	(2.27)	14.17
Rent (refer note 41.C & 41.D)	134.36	194.54
Repairs and maintenance (refer note 41.D)	17.00	19.17
Electricity charges (refer note 41.D)	10.92	31.09
Computer expenses	78.31	26.31
Corporate social responsibility (refer note 41.B)	196.60	125.54
Clearing & custodian charges	36.43	0.86
Dematerialisation charges	4.24	2.17
Rating support fees (refer note 41.D)	30.57	3.84
Loss on sale of property, plant and equipment	(2.15)	-1.29
Membership and subscription	3.96	3.55
Office expenses (refer note 41.D)	727.93	365.67
Securities transaction tax	115.37	41.19
Loan origination cost	542.46	333.29
Goods & service tax expenses	554.75	264.54
Stamp duty	58.40	56.12
Travelling and conveyance	64.14	103.76
Miscellaneous expenses	51.24	41.14
Housekeeping and security charges (refer note 41.D)	25.42	31.69
	4,294.79	2,961.28

41.A Auditors' remuneration:

As a Auditor

	For the year ended March 31, 2020	For the year ended March 31, 2019
Statutory audit of the company	7.00	5.55
Limited review	3.00	1.80
Fees for debentures issuances	6.35	5.53
Towards reimbursement of expenses	0.67	0.40
	17.02	13.28



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

41.B Details of CSR Expenditure:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Gross Amount required to be spent by the Company as per the provisions of Section 135 of Companies Act 2013.	166.56	121.54
Amount Spent (paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	196.60	125.54
Amount Spent (yet to be paid in cash)		
i) Construction/ acquisition of any assets	-	-
ii) On purpose other than (i) above	-	-
	196.60	125.54
Amount paid to EdelGive Foundation (refer note 49 related party disclosure)	166.00	122.24
Paid to external parties	30.60	3.30
	196.60	125.54

41.C Transition to Ind AS 116 on Lease

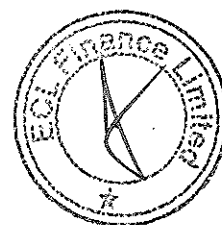
Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using modified retrospective method. The Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use assets at an amount equal to the lease liability discounted at the incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our annual report for the year ended March 31, 2019.

Right to use of assets

	As at March 31, 2020
Building	
Opening balance as at April 01, 2019 (Transition to Ind AS 116)	237.51
Addition during year	60.55
Depreciation expenses	(72.53)
Closing balance as at March 31, 2020	225.53

Lease liability

	As at March 31, 2020
Opening balance as at April 01, 2019 (Transition to Ind AS 116)	268.07
Addition during year	60.55
Accretion of interest	28.85
Payments during the year	(90.37)
Closing balance as at March 31, 2020	267.10



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs 237.51 millions and a lease liability of Rs 268.07 millions. The cumulative effect of applying the standard resulted in Rs. 22.87 millions being debited to retained earnings, net of taxes.

Amount recognised in statement of profit and loss

	For the year ended March 31, 2020
Depreciation expenses - right of use assets	72.53
Interest expenses on lease liabilities	28.85
Expenses relating to short term leases (included in other expenses)	134.36
Total amount recognised in statement of profit and loss	235.74

41.D Cost sharing

Edelweiss Financial Services Limited, being the holding company along with fellow subsidiaries incurs expenditure like Group Mediciam, insurance, rent, electricity charges etc. which is for the common benefit of itself and its certain subsidiaries, fellow subsidiaries including the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, time spent by employees of other companies, actual identifications etc. On the same lines, employees' costs expended (if any) by the Company for the benefit of fellow subsidiaries is recovered by the Company. Accordingly, and as identified by the management, the expenditure heads in note 40 and 41 include reimbursements paid and are net of reimbursements received based on the management's best estimate are Rs. 1,001.26 millions (previous year Rs. 601.19 millions)



ECL Finance Limited**Notes to the financial statement for the year ended March 31, 2020**

(Currency: Indian rupees in million)

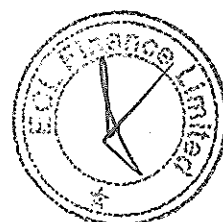
42. Income tax**Component of income tax expenses**

	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax	-	2,342.70
Adjustment in respect of current income tax of prior years	(117.39)	55.92
Deferred tax relating to temporary differences	(3,413.25)	(228.00)
Total tax charge for the year	(3,530.64)	2,170.62
Current tax (refer note 42.A)	(117.39)	2,398.62
Deferred tax (refer note 42.B)	(3,413.25)	(228.00)

42.A The income tax expenses for the year can be reconciled to the accounting profit as follows:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before taxes	(17,675.23)	7,829.45
Statutory income tax rate	25.17%	34.94%
Tax charge at statutory rate	(4,448.50)	2,735.92
Tax effect of :		
A) Adjustment in respect of current income tax of prior year	(117.39)	55.92
B) Income not subject to tax or chargeable to lower tax rate		
Dividend income	(385.65)	(666.45)
C) Tax impact due to revaluation of deferred tax due to change in Income tax rate*	415.78	-
D) Tax loss on which no deferred tax is created	954.78	-
E) Non deductible expenses	50.34	44.34
F) Others		
Profit from EARC Trusts (taxed on realisation)	-	0.89
Total tax reported in statement of profit and loss	(3,530.64)	2,170.62
Effective income tax rate	19.98%	27.72%

*The Government of India, on September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019 (the Ordinance), inserted a new Section 115BAA in the Income tax Act, 1961, which provides an option to the Company for paying Income tax at reduced rates. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020. The Company has also re-measured its deferred tax assets (net) basis the rate prescribed in the aforesaid section resulting in additional tax charge of Rs. 415.78 millions.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

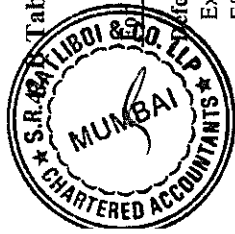
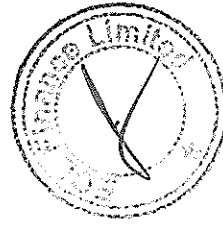


Table below shows deferred tax recorded in the balance sheet and changes recorded in Income tax expenses:

	As at April 01, 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	As at March 31, 2020
Deferred tax assets					
Expected credit loss provision	1,853.25	388.20	-	-	2,241.45
Effective interest rate on financial assets	309.27	(93.29)	-	-	215.98
Stage 3 Income recognition	26.38	57.88	-	-	84.26
Retirement benefits	10.53	(3.71)	(0.36)	-	6.46
Accumulated Loss	-	1,869.34	-	-	1,869.34
Others	2.66	(42.18)	-	7.69	(31.83)
Deferred tax liabilities					
Difference between book and tax depreciation (including intangibles)	(26.97)	8.62	-	-	(18.35)
Revaluation of Property Plant & Equipments	-	-	(153.85)	-	(153.85)
Effective interest rate on financial liabilities	(413.48)	(6.62)	-	-	(420.10)
Fair valuation of assets and liabilities	(272.52)	1,305.00	-	-	1,032.48
Interest spread on assignment transactions	(2.90)	(69.99)	-	-	(72.89)
Deferred tax asset (net)	1,486.22	3,413.25	(154.21)	7.69	4,752.95

	As at April 01, 2018	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	As at March 31, 2019
Deferred tax assets					
Expected credit loss provision	1,450.39	402.86	-	-	1,853.25
Effective interest rate on financial assets	336.86	(27.59)	-	-	309.27
Stage 3 Income recognition	(139.02)	165.40	-	-	26.38
Retirement benefits	45.47	(36.72)	1.78	-	10.53
Tax break on employee stock option scheme	259.88	-	-	(259.88)	-
Others	(2.85)	5.51	-	-	2.66
Deferred tax liabilities					
Difference between book and tax depreciation (including intangibles)	(24.29)	(2.68)	-	-	(26.97)
Effective interest rate on financial liabilities	(133.36)	(280.12)	-	-	(413.48)
Fair valuation of assets and liabilities	(271.50)	(1.02)	-	-	(272.52)
Interest spread on assignment transactions	(5.26)	2.36	-	-	(2.90)
Deferred tax asset (net)	1,516.32	228.00	1.78	(259.88)	1,486.22



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

43. Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to equity shareholders of the Company with the weighted average number of equity shares outstanding during the year adjusted for assumed conversion of all dilutive potential equity shares.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Basic Earnings per Share		
Net (Loss) / Profit attributable to Equity holders of the Company - A	(14,144.59)	5,658.83
Weighted average Number of Shares		
- Number of equity shares outstanding at the beginning of the year	2,138.27	1,948.11
- Number of equity shares issued during the year	0.00	190.16
Total number of equity shares outstanding at the end of the year	2,138.27	2,138.27
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) - B	2,138.27	2,072.55
Basic/Diluted (loss) / earnings per share (in rupees) (A/B)	(6.61)	2.73

44. Contingent Liability & Commitment:

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis, with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.

Contingent Liability

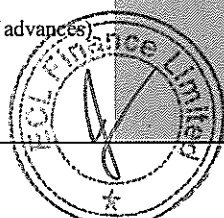
	For the year ended March 31, 2020	For the year ended March 31, 2019
Taxation matters of assessment year 2013-14, assessment year 2014-15 and assessment year 2015-16 in respect of which appeal is pending	Nil	Nil
Litigation pending against the Company	190.95	657.51

To meet the financial needs of customers, the Company enters into various irrevocable commitments, which primarily consist of undrawn commitment to lend.

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/s and is defending its position. Based on the favourable outcome in Appellate proceedings in the past and as advised by the tax advisors, company is reasonably certain about sustaining its position in the pending cases, hence the possibility of outflow of resources embodying economic benefits on this ground is remote."

Commitment

	For the year ended March 31, 2020	For the year ended March 31, 2019
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	10.18	33.00
Undrawn committed credit facilities	15,637.40	31,481.63



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

45. Segment Reporting

Primary Segment (Business segment)

The Company's business is organised and management reviews the performance based on the business segments as mentioned below:

Segment	Activities covered
Capital based business	Income from treasury operations, income from investments and dividend income
Financing business	Wholesale and retail financing

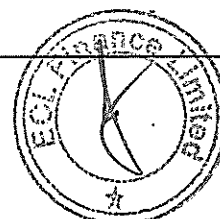
Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary Segment

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

Segment information as at and for the year ended March 31, 2020

Particulars	Financing business	Capital based business	Unallocated	Total
Revenue from Operations				
Interest Income	31,761.24	1,942.45	26.70	33,730.39
Other Operating income	597.07	1,849.07	-	2,446.14
Total Revenue from Operations	32,358.31	3,791.52	26.70	36,176.53
Interest Expenses	21,203.18	3,062.27	-	24,265.45
Other Expenses	29,013.18	375.54	197.59	29,586.31
Total Expenses	50,216.36	3,437.81	197.59	53,851.76
Segment profit/(loss) before taxation	(17,858.05)	353.71	(170.89)	(17,675.23)
Income Tax Expenses			(3,530.64)	(3,530.64)
Profit for the year				(14,144.59)
Other Comprehensive Income	457.43		(0.91)	456.52
Total comprehensive (loss) / income				(13,688.07)
Segment Assets	2,02,140.98	24,421.58	7,065.35	2,33,627.91
Segment Liabilities	1,81,787.59	20,088.41	6,968.30	2,08,844.30
Capital expenditure	124.76	-	-	124.76
Depreciation and amortisation	198.09	2.52	-	200.61
Non-cash items	11,206.76	46.23		11,252.99



ECL Finance Limited

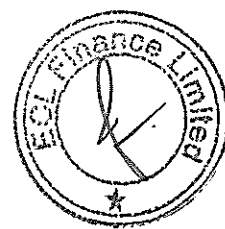
Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

45. Segment Reporting

Segment information as at and for the year ended March 31, 2019

Particulars	Financing business	Capital based business	Unallocated	Total
Revenue from Operations				
Interest Income	35,276.06	2,316.05	2.38	37,594.49
Other Operating income	1,460.02	1,064.20	55.87	2,580.09
Total Revenue from Operations	36,736.08	3,380.25	58.25	40,174.58
Interest Expenses	22,072.60	2,322.43	3.22	24,398.25
Other Expenses	7,366.49	434.17	146.22	7,946.88
Total Expenses	29,439.09	2,756.60	149.44	32,345.13
Segment profit/(loss) before taxation	7,296.99	623.65	(91.19)	7,829.45
Income Tax Expenses			2,170.62	2,170.62
Profit for the year				5,658.83
Other Comprehensive Income			(3.30)	(3.30)
Total comprehensive (loss) / income				5,655.53
Segment Assets	2,41,472.53	30,910.51	2,262.85	2,74,645.89
Segment Liabilities	2,11,466.04	24,328.36	356.97	2,36,151.37
Capital expenditure	210.96	-	-	210.96
Depreciation and amortisation	106.53	-	-	106.53
Significant non-cash items	2,654.58	1.00	0.06	2,655.64



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

46. Transfer of financial assets

46.A Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Securitisations		
Carrying amount of transferred assets (held as Collateral)	3,907.82	704.93
Carrying amount of associated liabilities	3,412.55	750.24
Fair value of assets	3,752.60	848.48
Fair value of associated liabilities	3,552.51	784.84
Net position at FV	200.09	63.64

46.B Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement:

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

47. Change in liabilities arising from financing activities

Particulars	As at April 01, 2019	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2020
Debt securities	94,871.85	(6,961.62)	-	723.48	88,633.71
Borrowings other than debt securities	1,13,287.45	(20,080.91)	-	(29.09)	93,177.45
Subordinated liabilities	19,994.59	(471.31)	-	266.00	19,789.28
	2,28,153.89	(27,513.84)	-	960.39	2,01,600.44

Particulars	As at April 01, 2018	Cash Flows (net)	Changes in Fair value	Others (net)*	As at March 31, 2019
Debt securities	71,833.44	22,000.69	-	1,037.72	94,871.85
Borrowings other than debt securities	1,38,208.56	(24,983.32)	-	62.21	1,13,287.45
Subordinated liabilities	19,579.76	-	-	414.83	19,994.59
	2,29,621.76	(2,982.63)	-	1,514.76	2,28,153.89

*Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

48. Maturity Analysis of assets and liabilities

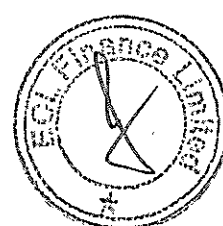
The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. Derivatives (excluding embedded derivatives), securities held for trading have been classified to mature and/or be repaid within 12 months, regardless of the actual contractual maturities of the products. With regard to loans and advances to customers, the company uses the same basis of expected repayment behaviour as used for estimating the EIR.

Particulars	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	18,128.42	-	18,128.42	985.40	-	985.40
Bank balances other than cash and cash equivalents	7,373.45	131.69	7,505.14	311.18	159.06	470.24
Derivative financial instruments	709.13	80.24	789.37	377.63	5.67	383.30
Securities held for trading	13,611.35	-	13,611.35	18,379.37	-	18,379.37
Trade receivables	2,041.16	-	2,041.16	720.99	-	720.99
Loans	44,230.48	83,953.92	1,28,184.40	72,085.90	1,65,880.84	2,37,966.74
Investments	787.03	48,960.67	49,747.70	0.43	10,750.37	10,750.80
Other financial assets	2,460.55	720.84	3,181.39	1,964.72	-	1,964.72
Non-financial assets						
Current tax assets (net)	-	1,779.55	1,779.55	-	422.36	422.36
Deferred tax assets (net)	-	4,752.95	4,752.95	-	1,486.22	1,486.22
Investment Property	-	1,162.00	1,162.00	-	-	-
Property, plant and equipment	-	1,338.65	1,338.65	-	538.32	538.32
Capital work in progress	-	-	-	-	13.52	13.52
Intangible assets under development	-	10.60	10.60	-	54.00	54.00
Other intangible assets	-	107.69	107.69	-	78.50	78.50
Other non- financial assets	-	1,287.54	1,287.54	431.41	-	431.41
Total Assets	89,341.57	1,44,286.34	2,33,627.91	95,257.03	1,79,388.86	2,74,645.89
Financial Liabilities						
Derivative financial instruments	934.64	20.71	955.35	258.07	218.76	476.83
Trade payables	1,503.41	-	1,503.41	3,413.31	-	3,413.31
Debt securities	31,283.47	57,350.24	88,633.71	27,842.39	67,029.46	94,871.85
Borrowings (other than debt securities)	56,196.83	36,980.62	93,177.45	55,210.08	58,077.37	1,13,287.45
Subordinated liabilities	5,743.02	14,046.26	19,789.28	992.22	19,002.37	19,994.59
Other financial liabilities	1,610.78	2,611.47	4,222.25	3,575.60	-	3,575.60
Non-financial liabilities						
Current tax liabilities (net)	-	192.61	192.61	-	289.96	289.96
Provisions	-	24.61	24.61	-	29.29	29.29
Other non-financial liabilities	345.63	-	345.63	212.49	-	212.49
Total Liabilities	97,617.78	1,11,226.52	2,08,844.30	91,504.16	1,44,647.21	2,36,151.37
Net	(8,276.21)	33,059.82	24,783.61	3,752.87	34,741.65	38,494.52

Notes:

The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 14,166.77 million as at March 31, 2020 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket. Subsequent to March 31, 2020, lenders have rolled over the short term cash credit facility amounting to Rs. 8,000 million into long term working capital demand loan.

Additionally, subsequent to balance sheet date, the Company has, as part of its ALCO activities, with a focus on raising long term funds approached bankers for raising funds through LTRO and PCG schemes offered by the Reserve Bank of India as part of COVID-19 package. Till date, the Company has raised Rs. 6,750 million through LTRO scheme and Rs. 1,250 million through PCG scheme.



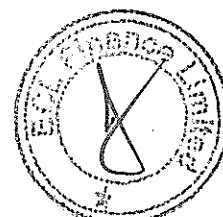
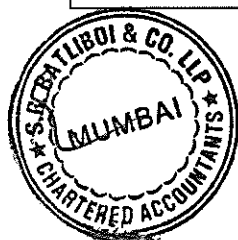
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

A) List of related parties and relationship:

<p>Name of related parties by whom control is exercised : Holding company Fellow subsidiaries (with whom transactions have taken place)</p>	<p>Edelweiss Financial Services Limited Edelweiss Housing Finance Limited Edelweiss Finvest Private Limited EC Commodity Limited ECap Equities Limited Edel Investments Limited Edelweiss General Insurance Company Limited Edel Finance Company Limited Edelcap Securities Limited EdelGive Foundation Edelweiss Asset Management Limited Edelweiss Broking Limited EFSL Trading Limited (Merged with Edelweiss Rural & Corporate Services Edelweiss Agri Value Chain Limited (Merged with Edelweiss Rural & Edelweiss Business Services Limited (Merged with Edelweiss Rural & Edelweiss Capital Markets Limited (Merged with Edelweiss Rural & Edelweiss Metal Limited Edelweiss Rural and Corporate Services Limited Edelweiss Finance and Investments Limited Edelweiss Securities Limited Edelweiss Comtrade Limited Edelweiss Global Wealth Management Limited Edelweiss Tokio Life Insurance Company Limited Edelweiss Custodial Services Limited Edelweiss Asset Reconstruction Company Limited Edelweiss Retail Finance Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Investment Advisors Limited Edelweiss Insurance Brokers Limited Edel Land Limited EFSL Commodities Ltd (EFSLC) Edelweiss Asset Reconstruction Company Limited - SC 348 Edelweiss Asset Reconstruction Company Limited - SC 298 Edelweiss Asset Reconstruction Company Limited - SC 342 Edelweiss Asset Reconstruction Company Limited - SC 372 Edelweiss Asset Reconstruction Company Limited - SC 381 Edelweiss Asset Reconstruction Company Limited - SC 384 Edelweiss Asset Reconstruction Company Limited - SC 386 Edelweiss Asset Reconstruction Company Limited - SC 387 Edelweiss Asset Reconstruction Company Limited - SC 391 Edelweiss Asset Reconstruction Company Limited - SC 392 Edelweiss Asset Reconstruction Company Limited - SC 393 Edelweiss Asset Reconstruction Company Limited - SC 394 Edelweiss Securities And Investments Private Limited EFSL Comtrade Limited Edelweiss Gallagher Insurance Brokers Limited</p>
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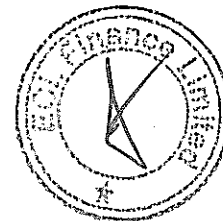
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

A) List of related parties and relationship (Contd..)

Key management personnel	Raviprakash R. Bubna (upto March 31, 2019) Rashesh Shah Himanshu Kaji (upto June, 30, 2019) Deepak Mittal Venkatchalam Ramaswamy PN Venkatachalam Kunnasagaran Chinniah (w.e.f. February 18, 2019) Vidya Shah Biswamohan Mahapatra Lim Meng Ann (w.e.f. May 07, 2019) Phanindranath Kakarla (w.e.f. April 01, 2019) Pooja Mittal Aparna T. Chadrashekhar Ramautar S Bubna (upto March 31, 2019) Sandhya R. Bubna (upto March 31, 2019) Sharda R. Bubna (upto March 31, 2019) Ravi R Bubna HUF (upto March 31, 2019) Evyavan Global Private Limited (upto March 31, 2019) Evyavan Mercantile Private Limited (upto March 31, 2019)
Relative of key management personnel (with whom transactions have taken place)	
Enterprises over which promoter /KMPs/ relatives exercise significant influence , with whom transactions have taken place	



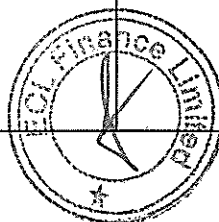
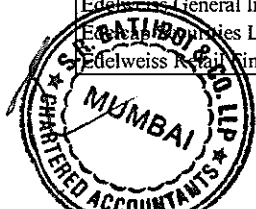
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Capital account transactions		
Issuance of equity share capital		
Edelweiss Financial Services Limited	-	3,456.10
Edel Finance Company Limited	-	600.00
Current account transactions		
Loans taken from		
Edelweiss Rural and Corporate Services Limited	10,080.00	48,320.00
Edelweiss Retail Finance Limited	1,190.00	-
Edelweiss Housing Finance Limited	2,500.00	-
Loan repaid to		
Edelweiss Rural and Corporate Services Limited	10,259.60	61,740.69
Edelweiss Retail Finance Limited	1,350.00	-
Edelweiss Housing Finance Limited	2,000.00	-
Loans given to		
Edelweiss Rural and Corporate Services Limited	4,000.00	4,573.30
Loans repaid by		
Edelweiss Rural and Corporate Services Limited	4,000.00	4,573.30
Loans given including interest accrual to key management personnel & relatives		
Ravi R Bubna HUF	-	282.62
Evyavan Global Private Limited	-	15.34
Evyavan Mercantile Private Limited	-	94.31
Deepak Mittal	24.75	606.22
Pooja Mittal	7.61	580.31
Aparna T. Chadrashkhar	-	221.11
Repayment of loans including interest by key management personnel & relatives		
Ravi R Bubna HUF	-	318.27
Evyavan Global Private Limited	-	92.38
Evyavan Mercantile Private Limited	-	503.41
Deepak Mittal	366.93	264.04
Pooja Mittal	276.57	311.35
Aparna T. Chadrashkhar	-	221.11
Sandhya R. Bubna	-	0.01
Issuance of Non Convertible Debentures		
Edelweiss Rural and Corporate Services Limited	200.00	-
Issuance of benchmark linked debentures		
Edelweiss Asset Management Limited	44.20	-
Redemption - benchmark linked debentures		
ECap Equities Limited	5,504.70	3,731.23
Edelweiss Rural and Corporate Services Limited	-	52.49
Secondary market transactions		
Purchases of securities from		
ECap Equities Limited	597.64	1,365.64
Edelweiss Rural and Corporate Services Limited	2,787.05	20,531.67
Edelweiss Finance and Investments Limited	1,646.89	2,448.82
Edelweiss Broking Limited	254.45	53.47
Edelweiss Tokio Life Insurance Company Limited	507.49	1,309.09
Edelweiss Finvest Private Limited	665.86	3,592.75
Edelweiss General Insurance Company Limited	157.75	108.19
Edelweiss Equities Limited	-	240.13
Edelweiss Retail Finance Limited	2,323.50	-



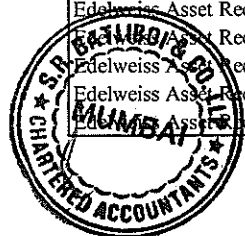
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Edelweiss Securities Limited	2.85	-
Edelweiss Asset Reconstruction Company Limited	10.00	-
Sale / subscription* of securities		
ECap Equities Limited	-	782.51
Edelweiss Rural and Corporate Services Limited	1,727.30	26,356.82
Edelweiss Finance and Investments Limited	724.39	2,625.64
Edelweiss Securities Limited	247.30	1,188.74
Edelweiss Broking Limited	2,052.95	400.54
Edelweiss Tokio Life Insurance Company Limited	275.65	477.46
Edelweiss Housing Finance Limited	-	1,622.95
Edelweiss General Insurance Company Limited	60.06	-
Edelweiss Finvest Private Limited	1,363.93	-
Edelweiss Securities And Investments Private Limited	53.19	-
Margin placed with		
Edelweiss Securities Limited	1,639.22	7,113.36
Edelweiss Custodial Services Limited	97,977.41	20,721.13
Edel Investments Limited	8.65	-
Margin refund received from		
Edelweiss Securities Limited	1,701.29	7,114.13
Edelweiss Custodial Services Limited	96,961.89	22,096.92
Edel Investments Limited	8.65	-
Security Deposits placed with		
Edelweiss Rural and Corporate Services Limited	500.00	-
ECap Equities Limited	100.00	-
Amount paid to broker for trading in cash segment		
Edelweiss Securities Limited	39,107.96	23,632.51
Amount received from broker for trading in cash segment		
Edelweiss Securities Limited	40,016.08	24,341.93
Assignment of loan book from		
Edelweiss Housing Finance Limited	-	4,481.59
Loan / NCD Purchase from		
Edelweiss Finvest Private Limited	17,780.12	-
Edelweiss Rural and Corporate Services Limited	152.38	-
Loan / NCD Sale to		
Edelweiss Retail Finance Limited	3,999.43	-
Purchase of securities receipts from		
Edelweiss Finvest Private Limited	-	1,833.30
Sale of securities receipts to		
Edelweiss Asset Reconstruction Company Limited	269.20	-
Sale of loans to		
Edelweiss Asset Reconstruction Company Limited - SC 348	-	1,700.00
Edelweiss Asset Reconstruction Company Limited - SC 298	-	3,850.00
Edelweiss Asset Reconstruction Company Limited - SC 342	-	278.60
Edelweiss Asset Reconstruction Company Limited - SC 372	299.70	-
Edelweiss Asset Reconstruction Company Limited - SC 381	550.00	-
Edelweiss Asset Reconstruction Company Limited - SC 384	9,150.00	-
Edelweiss Asset Reconstruction Company Limited - SC 386	1,180.00	-
Edelweiss Asset Reconstruction Company Limited - SC 387	878.80	-
Edelweiss Asset Reconstruction Company Limited - SC 391	993.00	-



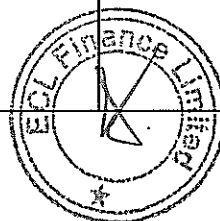
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Edelweiss Asset Reconstruction Company Limited - SC 392	1,932.50	-
Edelweiss Asset Reconstruction Company Limited - SC 393	375.00	-
Edelweiss Asset Reconstruction Company Limited - SC 394	6,366.10	-
Income		
Arranger fees received from		
Edelweiss Finvest Private Limited	-	17.36
Commission and brokerage received from		
Edelweiss Securities Limited	23.65	-
Edelweiss General Insurance Company Limited	0.43	-
Edelweiss Alternative Asset Advisors Limited	58.33	-
Cost reimbursement received from		
Edelweiss Financial Services Limited	-	0.09
Edelweiss General Insurance Company Limited	0.16	0.03
Edelweiss Retail Finance Limited	0.41	0.14
Edelweiss Housing Finance Limited	-	3.44
Edelweiss Global Wealth Management Limited	0.09	-
Edelweiss Broking Limited	0.68	-
Edelweiss Asset Management Limited	0.78	-
EC Commodity Limited	0.01	-
Edelweiss Custodial Services Limited	0.02	-
Edelweiss Finance and Investments Limited	11.73	-
Edelweiss Finvest Private Limited	0.05	-
Dividend received on investments		
Edelweiss Rural and Corporate Services Limited	0.70	0.70
Interest income on margin placed with brokers		
Edelweiss Custodial Services Limited	127.28	18.81
Edelweiss Securities Limited	4.57	14.58
Interest income on Security Deposits		
Edelweiss Rural and Corporate Services Limited	1.99	-
ECap Equities Limited	0.40	-
Interest income on loans given to		
Ravi R Bubna HUF	-	8.15
Evyavan Mercantile Private Limited	-	27.56
Evyavan Global Private Limited	-	4.96
Deepak Mittal	3.65	31.94
Pooja Mittal	2.91	28.74
Aparna T. Chadrashekhar	-	1.22
Edelweiss Rural and Corporate Services Limited	262.13	9.94
Interest received on securities		
Edelweiss Housing Finance Limited	0.21	6.95
Edelweiss Rural and Corporate Services Limited	-	15.37
Edelweiss Asset Reconstruction Company Limited	66.09	-
Edelweiss Finvest Private Limited	1.67	-
Edelweiss Retail Finance Limited	1.02	-
Rent received from		
Alternative Investment Market Advisors Private Limited	-	0.01
EC Commodity Limited	-	0.02
Edel Investments Limited	-	0.01
Edelcap Securities Limited	-	0.01
Edelweiss Alternative Asset Advisors Limited	3.95	3.41
Edelweiss Broking Limited	5.03	0.55
Edelweiss Business Services Limited	-	0.10



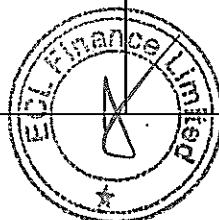
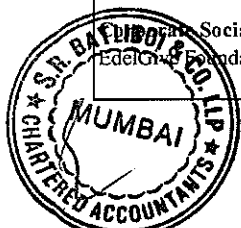
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Edelweiss Rural and Corporate Services Limited	0.11	0.80
Edelweiss Custodial Services Limited	-	2.29
Edelweiss Finance and Investments Limited	-	0.03
Edelweiss Financial Services Limited	1.45	0.94
Edelweiss Finvest Private Limited	-	0.53
Edelweiss General Insurance Company Limited	22.48	14.35
Edelweiss Global Wealth Management Limited	1.09	1.34
Edelweiss Housing Finance Limited	8.71	11.54
Edelweiss Retail Finance Limited	-	0.53
Edelweiss Securities Limited	-	1.28
ECap Equities Limited	-	0.56
Edelweiss Tokio Life Insurance Company Limited	0.83	3.03
Edelweiss Comtrade Limited	0.60	-
Edelweiss Asset Management Limited	0.80	-
Edel Land Limited	0.04	-
Expense		
Advisory fees paid to		
Edelweiss Asset Reconstruction Company Limited	576.85	26.72
Edelweiss Housing Finance Limited	74.69	169.49
Corporate guarantee support fee paid to		
Edelweiss Financial Services Limited	0.06	3.21
Clearing charges paid to		
Edelweiss Custodial Services Limited	17.02	0.27
Edelweiss Rural and Corporate Services Limited	18.76	-
Edelweiss Securities Limited	-	18.12
Collateral management fees paid		
Edelweiss Agri Value Chain Limited	-	16.67
Commission and brokerage paid to		
Edelweiss Global Wealth Management Limited	157.99	334.74
Edelweiss Investment Advisors Limited	1.52	2.70
Edelweiss Securities Limited	233.03	155.47
Edel Investments Limited	-	0.02
Edelweiss Broking Limited	0.93	-
Edelweiss Financial Services Limited	5.00	-
Cost reimbursement paid to		
ECap Equities Limited	6.10	2.26
Edelweiss Agri Value Chain Limited	-	0.66
Edelweiss Asset Management Limited	-	0.99
Edelweiss Broking Limited	-	3.54
Edelweiss Business Services Limited	-	0.07
Edelweiss Rural and Corporate Services Limited	19.93	13.10
Edelweiss Financial Services Limited	68.69	33.66
Edelweiss Global Wealth Management Limited	-	0.11
Edelweiss Housing Finance Limited	1.99	6.51
Edelweiss Retail Finance Limited	-	25.02
Edelweiss Alternative Asset Advisors Limited	32.56	0.97
Edelweiss Securities Limited	3.30	1.43
Edelweiss Investment Advisors Limited	3.11	-
Edel Land Limited	0.23	-
Edelweiss Custodial Services Limited	-	-
Corporate Social responsibility expenses paid to		
Edel Group Foundation	166.00	122.24



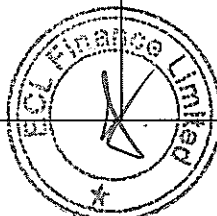
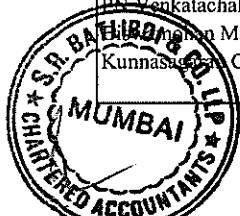
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Enterprise Service charge paid to		
Edelweiss Business Services Limited	-	217.34
Edelweiss Rural and Corporate Services Limited	509.72	124.33
Edelweiss Financial Services Limited	193.76	-
Interest paid on loan		
Edelweiss Rural and Corporate Services Limited	22.78	1,539.93
Edelweiss Retail Finance Limited	56.93	-
Edelweiss Housing Finance Limited	14.25	-
Management Fees Paid to		
Edelweiss Alternative Asset Advisors Limited	107.87	184.00
Edelweiss Rural and Corporate Services Limited	0.29	-
Edelweiss Global Wealth Management Limited	12.88	-
Edelweiss Financial Services Limited	2.50	-
Rating support fees paid to		
Edelweiss Financial Services Limited	1.66	2.10
Rent paid to		
ECap Equities Limited	19.23	21.35
Edelweiss Agri Value Chain Limited	-	1.70
Edelweiss Asset Management Limited	-	4.44
Edelweiss Broking Limited	-	7.61
Edelweiss Business Services Limited	-	0.11
Edelweiss Rural and Corporate Services Limited	88.13	93.30
Edelweiss Global Wealth Management Limited	-	0.50
Edelweiss Retail Finance Limited	62.23	27.76
Edelweiss Housing Finance Limited	-	6.86
Edelweiss Securities Limited	0.80	4.81
Edelweiss Custodial Services Limited	0.03	-
Interest paid on bench mark linked debentures		
ECap Equities Limited	1,118.80	785.33
Edelweiss Rural and Corporate Services Limited	-	10.49
Interest paid on securities		
ECap Equities Limited	301.38	7.82
Edelweiss Finance and Investments Limited	-	0.37
Interest expenses on non-convertible debentures		
Edelweiss Rural and Corporate Services Limited	202.60	5.79
Edelweiss Finance and Investments Limited	0.14	0.04
Edelweiss Retail Finance Limited	2.84	-
ECap Equities Limited	12.94	-
Edelweiss Securities Limited	0.11	-
ESOP cost reimbursement		
Edelweiss Financial Services Limited	48.81	45.69
Remuneration paid to		
Raviprakash R. Bubna	-	33.04
Himanshu Kaji	25.00	50.00
Rashesh Shah	37.50	68.00
Deepak Mittal	36.80	9.85
Phanindranath Kakarla	21.16	-
Sitting fees paid		
BN Venkatachalam	0.48	0.44
K. Mahalingam Mahapatra	0.44	0.30
Kunnasagudi Chinniah	0.08	0.02



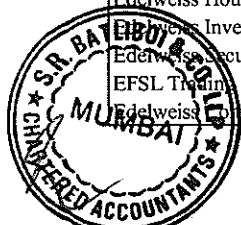
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Assets		
Interest accrued on loans given to		
Edelweiss Rural and Corporate Services Limited	30.52	0.49
Interest Accrued on Security Deposits		
Edelweiss Rural and Corporate Services Limited	1.99	-
ECap Equities Limited	0.40	-
Interest accrued on Margin		
Edelweiss Custodial Services Limited	-	-
Interest accrued on securities		
Edelweiss Finvest Private Limited	4.16	-
Edelweiss Housing Finance Limited	1.72	-
Edelweiss Retail Finance Limited	0.11	-
Investments in preference shares		
Edelweiss Rural and Corporate Services Limited	774.53	711.13
Margin money balance with		
Edelweiss Custodial Services Limited	486.52	1,502.04
Edelweiss Securities Limited	64.21	-
Security Deposits money balance with		
Edelweiss Rural and Corporate Services Limited	500.00	-
ECap Equities Limited	100.00	-
Loan given outstanding		
Deepak Mittal	-	342.19
Pooja Mittal	-	268.96
Edelweiss Rural and Corporate Services Limited	1,604.00	-
Sandhya R Bubna	-	-
Non convertible debentures (securities held for trading)		
Edelweiss Housing Finance Limited	24.44	-
Edelweiss Finvest Private Limited	45.14	-
Edelweiss Retail Finance Limited	23.76	-
Trade receivables		
EC Commodity Limited	0.17	-
ECap Equities Limited	-	0.60
Edelcap Securities Limited	-	0.18
Edelweiss Alternative Asset Advisors Limited	35.22	0.93
Edelweiss Broking Limited	-	0.09
Edelweiss Business Services Limited	-	1.77
Edelweiss Custodial Services Limited	20.28	4.39
Edelweiss Finvest Private Limited	115.18	23.94
Edelweiss General Insurance Company Limited	13.94	9.52
Edelweiss Global Wealth Management Limited	-	0.26
Edelweiss Retail Finance Limited	-	3.24
Edelweiss Tokio Life Insurance Company Limited	-	6.65
Edelweiss Rural and Corporate Services Limited	-	0.61
Edel Investments Limited	0.13	0.83
Edelweiss Agri Value Chain Limited	-	3.70
Edelweiss Asset Management Limited	-	0.45
Edelweiss Finance and Investments Limited	15.55	0.23
Edelweiss Housing Finance Limited	-	6.68
Edelweiss Investment Advisors Limited	-	0.33
Edelweiss Securities Limited	288.80	3.13
EFSL Trading Limited	-	0.02
Edelweiss Comtrade Limited	0.12	0.24



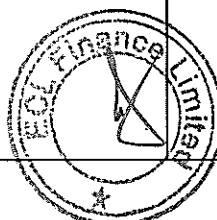
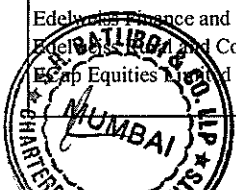
ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Purchase of property, plant and equipment		
Edelweiss Securities Limited	0.55	0.19
Edelweiss Finance and Investments Limited	0.04	-
Edelweiss Retail Finance Limited	0.18	1.16
Edelweiss Housing Finance Limited	0.73	0.26
Edelcap Securities Limited	-	0.01
Edelweiss Agri Value Chain Limited	-	0.03
Edelweiss Asset Management Limited	0.01	0.01
Edelweiss Broking Limited	0.46	0.44
Edelweiss Capital Markets Limited	-	0.03
Edelweiss Custodial Services Limited	0.03	0.10
Edelweiss Financial Services Limited	0.07	-
Edelweiss Global Wealth Management Limited	0.01	0.02
Edelweiss Insurance Brokers Limited	-	0.01
Edelweiss Investment Advisors Limited	0.04	0.04
Edelweiss Rural and Corporate Services Limited	3.31	0.20
EFSL Comtrade Limited	-	0.02
Edelweiss Alternative Asset Advisors Limited	0.01	-
Edelweiss Asset Reconstruction Company Limited	0.04	0.01
Edelweiss Comtrade Limited	0.64	-
Edelweiss Finvest Private Limited	-	0.04
Edelweiss Gallagher Insurance Brokers Limited	0.02	-
Sale of property, plant and equipment		
ECap Equities Limited	-	0.01
Edelweiss Alternative Asset Advisors Limited	0.03	0.04
Edelweiss Asset Reconstruction Company Limited	0.06	0.02
Edelweiss Broking Limited	0.27	0.80
Edelweiss Custodial Services Limited	0.05	0.11
Edelweiss Financial Services Limited	0.04	0.05
Edelweiss Finvest Private Limited	0.60	0.19
Edelweiss General Insurance Company Limited	0.05	0.05
Edelweiss Housing Finance Limited	0.25	0.15
Edelweiss Rural and Corporate Services Limited	0.62	0.30
Edelweiss Securities Limited	0.07	0.13
Evyavan Global Private Limited	-	1.71
Edelcap Securities Limited	0.04	-
Edel Investments Limited	0.01	-
Edelweiss Gallagher Insurance Brokers Limited	0.03	-
Edelweiss Global Wealth Management Limited	0.02	-
Edelweiss Retail Finance Limited	0.04	-
Liabilities		
Non convertible debentures held by		
Edelweiss Rural and Corporate Services Limited	2,557.50	475.52
Edelweiss Finance and Investments Limited	-	2.44
Edelweiss Tokio Life Insurance Company Limited	-	0.17
Edelweiss Retail Finance Limited	210.00	-
ECap Equities Limited	240.68	-
Interest accrued on borrowings		
Edelweiss Rural and Corporate Services Limited	-	3.40
Edelweiss Retail Finance Limited	13.51	-
Edelweiss Housing Finance Limited	11.90	-
Interest accrued but not due on non convertible debentures		
Edelweiss Retail Finance Limited	19.35	-
Edelweiss Finance and Investments Limited	-	0.04
Edelweiss Rural and Corporate Services Limited	203.79	42.38
ECap Equities Limited	22.17	-



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

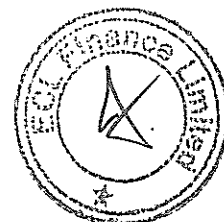
49. Related Party Disclosure for the year April 1, 2019 to March 31, 2020

B) Transactions with related parties:

Particulars	As at March 31, 2020	As at March 31, 2019
Market linked debentured held by ECap Equities Limited	267.90	111.84
Interest accrued but not due on market linked debentures held by ECap Equities Limited	74.04	1.90
Short term borrowings		
Edelweiss Rural and Corporate Services Limited	5.91	1,010.91
Edelweiss Retail Finance Limited	35.00	-
Edelweiss Housing Finance Limited	10.00	-
Trade payables		
ECap Equities Limited	12.89	5.32
Edel Finance Company Limited	0.21	-
Edelweiss Alternative Asset Advisors Limited	-	204.59
Edelweiss Asset Management Limited	0.18	2.62
Edelweiss Rural and Corporate Services Limited	51.84	171.98
Edelweiss Finvest Private Limited	-	17.35
Edelweiss Global Wealth Management Limited	40.03	76.59
Edelweiss Housing Finance Limited	9.94	6.25
Edelweiss Retail Finance Limited	6.54	14.69
Edelweiss Securities Limited	-	355.61
Edelweiss Custodial Services Limited	-	0.58
Edelweiss Asset Reconstruction Company Limited	232.77	0.31
Edelweiss Financial Services Limited	69.57	53.33
Edelweiss Broking Limited	0.91	1.68
Edelweiss Investment Advisors Limited	-	1.05
Edelweiss Tokio Life Insurance Company Limited	0.19	-
Corporate guarantee taken from		
Edelweiss Financial Services Limited	3,600.00	54.00

Notes

- Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity which is provided for group of employees on an overall basis. These are included on cash basis.
- As part of fund based activities, intergroup company loans and advances activities undertaken are generally in the nature of revolving demand loans. Such loans and advances, voluminous in nature, are carried on at arm's length and in the ordinary course of business. Pursuant to Ind AS 24 – Related Party Disclosures, maximum amount of loans given and repaid are disclosed above as in the view of the management it provides meaningful reflection of such related party transactions on the financial statements. Interest income and expenses on such loans and advances are disclosed on the basis of full amounts of such loans and advances given and repaid.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

50. Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements from its regulators and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The pillars of its policy are as follows:

- Maintain diversity of sources of financing and spreading the maturity across tenure buckets in order to minimize liquidity risk.
- Maintain investment grade ratings for all its liability issuances domestically and internationally by ensuring that the financial strength of the balance sheets is preserved.
- Manage financial market risks arising from Interest rate, equity prices and minimise the impact of market volatility on
- Leverage optimally in order to maximise shareholder returns while maintaining strength and flexibility of balance sheet.

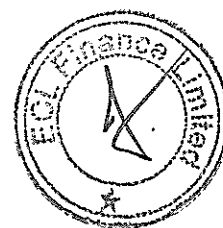
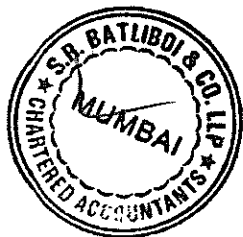
This framework is adjusted based on underlying macro-economic factors affecting business environment, financial market conditions and interest rates environment

Regulatory capital

The below regulatory capital is computed in accordance with Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 1, 2016 issued by Reserve Bank of India. updated with changes suggested in circular Number RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.

Particulars	As at March 31, 2020	As at March 31, 2019
Capital Funds		
Net owned funds (Tier I capital)	20,648.17	39,738.10
Tier II capital	20,648.17	13,931.88
Total capital funds	41,296.34	53,669.98
Total risk weighted assets/ exposures	1,96,485.28	2,78,471.26
% of capital funds to risk weighted assets/exposures:		
Tier I capital	10.51%	14.27%
Tier II capital	10.51%	5.00%
Total capital Funds	21.02%	19.27%

No changes have been made to the objectives, policies and processes from the previous year. However, they are under constant review by the Board.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

51. Fair Value measurement:

A. Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques:

Level 1 – valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that company can access at the measurement date.

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

Level 3 – valuation technique with significant unobservable inputs: Those that include one or more unobservable input that is significant to the measurement as whole.

Refer note 4.11 for more details on fair value hierarchy

B. Valuation governance framework

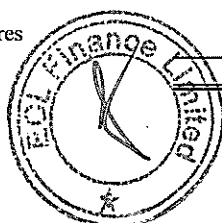
The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives (including their valuation methodologies) are subject to approvals by various functions of the Company including the risk and finance functions.

Where fair values are determined by reference to externally quoted prices or observable pricing inputs to models, independent price determination or validation is used. For inactive markets, Company sources alternative market information, with greater weight given to information that is considered to be more relevant and reliable.

The responsibility of ongoing measurement resides with the business and product line divisions. However finance department is also responsible for establishing procedures governing valuation and ensuring fair values are in compliance with accounting standards.

C. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	415.55	207.76	-	623.31
OTC derivatives	-	85.65	-	85.65
Embedded derivatives in market-linked debentures	-	-	80.41	80.41
Total derivative financial instruments - A	415.55	293.41	80.41	789.37
Financial Assets held for trading				
Government debt securities	7,462.92	-	-	7,462.92
Other debt securities	-	162.49	-	162.49
Mutual fund units	5,973.66	-	-	5,973.66
Equity instruments	12.28	-	-	12.28
Total Financial assets held for trading - B	13,448.86	162.49	-	13,611.35
Investments				
Security receipts	-	-	44,124.98	44,124.98
Units of AIF	-	-	4,894.42	4,894.42
Total investments measured at fair value - C	-	-	49,019.40	49,019.40
Total (A+B+C)	13,864.41	455.90	49,099.81	63,420.12
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	321.37	486.61	-	807.98
OTC derivatives	-	162.84	-	162.84
Embedded derivatives in market-linked debentures	-	-	36.28	36.28
	321.37	649.45	36.28	1,007.10



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

51. Fair Value measurement:

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	218.36	-	-	218.36
OTC derivatives	-	136.59	-	136.59
Embedded derivatives in market-linked debentures	-	-	28.77	28.77
Total derivative financial instruments - A	218.36	136.59	28.77	383.72
Financial assets held for trading				
Government debt securities	13,873.50	-	-	13,873.50
Other debt securities	-	298.18	-	298.18
Mutual fund units	3,483.09	-	-	3,483.09
Equity instruments	724.60	-	-	724.60
Total financial assets held for trading - B	18,081.19	298.18	-	18,379.37
Investments				
Security receipts	-	-	9,899.83	9,899.83
Units of AIF	-	-	139.84	139.84
Total investments measured at fair value - C	-	-	10,039.67	10,039.67
Total (A+B+C)	18,299.55	434.77	10,068.44	28,802.76
Liabilities measured at fair value on a recurring basis				
Derivative financial instruments				
Exchange-traded derivatives	35.12	-	-	35.12
OTC derivatives	-	183.22	-	183.22
Embedded derivatives in market-linked debentures	-	-	279.25	279.25
	35.12	183.22	279.25	497.59

D. Valuation techniques:

Government debt securities:

Government debt securities are financial instruments issued by sovereign governments and include both long term bonds and short-term Treasury bills with fixed or floating rate interest payments. These instruments are generally highly liquid and traded in active markets resulting in a Level 1 classification.

Debt securities:

Whilst most of these instruments are standard fixed rate securities, however nifty linked debentures have embedded derivative characteristics. Fair value of these instruments is derived based on the indicative quotes of price and yields prevailing in the market as at the reporting date. Group has used quoted price of national stock exchange wherever bonds are traded actively. In cases where debt securities are not actively traded Company has used CRISIL Corporate Bond Valuer model for measuring fair value.

Security receipts

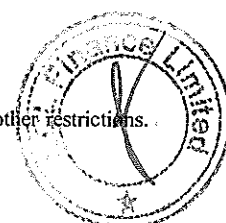
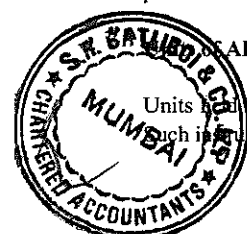
The market for these securities is not active. Therefore, the Company uses valuation techniques to measure their fair values. Since the security receipts are less liquid instruments therefore they are valued by discounted cash flow models. Expected cash flow levels are estimated by using quantitative and qualitative measures regarding the characteristics of the underlying assets including prepayment rates, default rates and other economic drivers. Securities receipts with significant unobservable valuation inputs are classified as Level 3

Equity instruments and units of mutual fund:

The majority of equity instruments are actively traded on stock exchanges with readily available active prices on a regular basis. Such instruments are classified as Level 1. Units held in funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are also classified as Level 1. Equity instruments in non-listed entities are initially recognised at transaction price and re-measured at each reporting date at valuation provided by external valuer at instrument level.

Units of AIF Fund

Units held in AIF funds are measured based on their published net asset value (NAV), taking into account redemption and/or other restrictions. Such instruments are classified as Level 3



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

51. Fair Value measurement:

Interest rate swaps:

Under Interest rate swap contract, the Company agrees to exchange the difference between fixed and floating rate interest amount calculated on agreed notional principal. Such contracts enable the Company to mitigate the risk of changing interest rate. the fair value of interest rate swap is determined by discounting the future cash flows using the curves at the end of reporting period and the credit risk inherent in the contract. company classify the Interest rate swaps as level 2 instruments.

Embedded derivative:

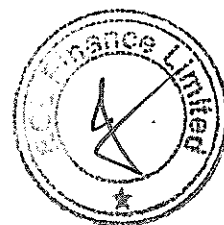
An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Company uses valuation models which calculate the present value of expected future cash flows, based upon 'no arbitrage' principles. Inputs to valuation models are determined from observable market (Indices) data wherever possible, including prices available from exchanges, dealers, brokers. company classify these embedded derivative as level 3 instruments.

Exchange traded derivatives:

Exchange traded derivatives includes index/stock options, index/stock futures, company uses exchange traded prices to value these derivative and classify these instrument as level 1

E. There have been no transfers between levels during the year ended March 31, 2020 and March 31, 2019.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

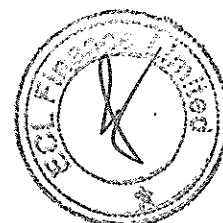
51. Fair Value measurement:

F. The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements in Level 3 of the fair value hierarchy.

Financial year ended March 2020	Security receipts	Units of AIF	Total
Investments - at April 1, 2019	9,899.83	139.84	10,039.67
Purchase	39,417.90	4,785.20	44,203.10
Sale/Redemption proceeds	(1,097.73)	(30.38)	(1,128.11)
Profit for the year recognised in profit or loss	(4,095.02)	(0.24)	(4,095.26)
Investments - at March 31, 2020	44,124.98	4,894.42	49,019.40
Unrealised gain/(Loss) related to balances held at the end of the year	(3,540.03)	(20.34)	(3,560.37)
Financial year ended March 2019	Security receipts	Units of AIF	Total
Investments - at April 1, 2018	6,371.65	195.35	6,567.00
Purchase	14,084.24	-	14,084.24
Sale/Redemption proceeds	(10,883.09)	(61.60)	(10,944.69)
Profit for the year recognised in profit or loss	327.03	6.09	333.12
Investments - at March 31, 2019	9,899.83	139.84	10,039.67
Unrealised gain/(Loss) related to balances held at the end of the year	625.58	(5.36)	620.22

The following table shows a reconciliation of the opening balances and the closing balances for fair value measurements

Financial year ended March 2020	Embedded Options		
	Assets	Liabilities	Net Balance
As at April 1, 2019	28.77	279.25	(250.48)
Issuances	74.58	5.73	68.85
Settlements	(23.52)	(65.17)	41.65
Changes in fair value recognised in profit or loss	0.58	(183.53)	184.11
As at March 31, 2020	80.41	36.28	44.13
Financial year ended March 2019	Embedded Options		
	Assets	Liabilities	Net Balance
As at April 1, 2018	93.94	223.89	(129.95)
Issuances	-	-	-
Settlements	(19.73)	(37.59)	17.86
Changes in fair value recognised in profit or loss	(45.44)	92.95	(138.39)
As at March 31, 2019	28.77	279.25	(250.48)



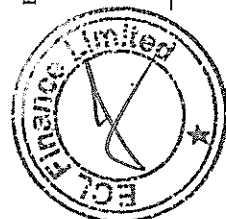


Fair Value measurement:

G. Impact on fair value of level 3 financial instrument of changes to key unobservable inputs

The below table summarises the valuation techniques together with the significant unobservable inputs used to calculate the fair value of the Company's Level 3 Instruments i.e. Securities receipts, Units of AIF Fund and Real Estate Fund. The range of values indicates the highest and lowest level input used in the valuation technique and, as such, only reflects the characteristics of the instruments as opposed to the level of uncertainty to their valuation. Relationships between unobservable inputs have not been incorporated in this summary.

Type of Financial Instruments	Fair value of asset as on 31 March 2020	Valuation techniques	Significant unobservable input	Range of estimates for unobservable input	Increase in the unobservable input	Change in fair value	Decrease in the unobservable input	Change in fair value
Security receipts	44,124.98	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows Risk-adjusted discount rate	80,579.67 12.00%	5% increase in Expected future Cash flow 0.5% increase in Risk-adjusted discount rate	1,912.16 (183.90)	5% Decrease in Expected future Cash flow 0.5% Decrease in Risk-adjusted discount rate	(1,887.99) 190.97
Units of AIF	4,894.42	Net Asset approach	Fair value of underlying investments	5,779.93	5% Increase in Fair value of Underlying Investment	244.70	5% Increase in Fair value of Underlying Investment	(244.70)
Embedded derivatives (net)	-44.13	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty level Risk-adjusted discount rate	8,597.75 4.50% to 6%	5% increase in Nifty Index curve 1% increase in Risk-adjusted discount rate	1.13 0.45	5% Decrease in Nifty Index curve 1% Decrease in Risk-adjusted discount rate	(0.91) (0.41)
Security receipts	9,899.83	Discounted Cash flow. The present value of expected future economic benefits to be derived from the ownership of the underlying investments of the Trust.	Expected future cash flows Risk-adjusted discount rate	24,648.16 12.00%	5% increase in Expected future Cash flow 0.5% increase in Risk-adjusted discount rate	227.35 (25.04)	5% Decrease in Expected future Cash flow 0.5% Decrease in Risk-adjusted discount rate	(227.35) 25.43
Units of AIF	139.84	Net Asset approach	Fair value of underlying investments	1,061.54	5% Increase in Fair value of Underlying Investment	6.21	5% Increase in Fair value of Underlying Investment	(6.21)
Embedded derivatives (net)	250.48	Fair value using Black Scholes model or Monte Carlo approach based on the embedded derivative	Nifty level Risk-adjusted discount rate	11,623.90 4.50% to 6%	5% increase in Nifty Index curve 1% increase in Risk-adjusted discount rate	(6.04) (2.40)	5% Decrease in Nifty Index curve 1% Decrease in Risk-adjusted discount rate	5.64 2.26



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

51. Fair Value measurement:

H. Fair value of financial instruments not measured at fair value:

the table below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. Carrying amounts of cash and cash equivalents, trade receivables, loans and trade and other payables as on March 31, 2020 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of bank deposits, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

As at March 31, 2020	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Loans	1,28,184.40	-	-	1,31,280.13	1,31,280.13
Financial Liabilities					
Debt securities	88,633.71	-	90,806.78	-	90,806.78
Borrowings (other than debt securities)	93,177.45	-	-	93,177.45	93,177.45
Subordinated Liabilities	19,789.28	-	19,607.05	-	19,607.05
Off balance-sheet items					
Undrawn commitments	15,637.40	-	-	15,881.35	15,881.35

As at March 31, 2019	Carrying Value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Loans	2,37,966.74	-	-	2,34,774.97	2,34,774.97
Financial Liabilities					
Debt securities	94,871.85	-	98,521.28	-	98,521.28
Borrowings (other than debt securities)	1,13,287.45	-	-	1,13,287.45	1,13,287.45
Subordinated Liabilities	19,994.59	-	19,136.62	-	19,136.62
Off balance-sheet items					
Undrawn commitments	31,481.63	-	-	31,259.82	31,259.82

I. Valuation Methodologies of Financial Instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions explained in notes.

Financial assets at amortised cost

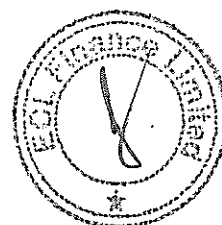
The fair values financial assets measured at amortised cost are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

Issued Debt

The fair value of issued debt is estimated by a discounted cash flow model.

Off balance-sheet

Estimated fair values of off-balance sheet positions in form of undrawn commitment are estimated using a discounted cash flow model based on contractual committed cash flows, using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52. Risk Management

52.A Introduction and risk profile

Risk is an inherent part of Company's business activities. When the Company extends a corporate or retail loan, buys or sells securities in market, or offers other products or services, the Company takes on some degree of risk. The Company's overall objective is to manage its businesses, and the associated risks, in a manner that balances serving the interests of its customers and investors and protects the safety and soundness of the Company.

The Company believes that effective risk management requires:

- 1) Acceptance of responsibility, including identification and escalation of risk issues, by all individuals within the Company;
- 2) Ownership of risk identification, assessment, data and management within each of the lines of business and Corporate; and
- 3) Firmwide structures for risk governance

The Company strives for continual improvement through efforts to enhance controls, ongoing employee training and development and other measures.

52.B Risk Management Structure

We have a well-defined risk management policy framework for risk identification, assessment and control to effectively manage risks associated with the various business activities. The risk function is monitored primarily by the business risk group. The Edelweiss Group has also established a Global Risk Committee that is responsible for managing the risk arising out of various business activities at a central level.

Our risk management policy ensures that the margin requirements are conservative to be able to withstand market volatility and scenarios of sharply declining prices. As a result, we follow conservative lending norms. The Edelweiss Group centralises the risk monitoring systems to monitor our client's credit exposure which is in addition to the monitoring undertaken by the respective businesses.

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee holds regular meetings and report to board on its activities.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

52.C Risk mitigation and risk culture

The Company's business processes ensure complete independence of functions and a segregation of responsibilities. Credit appraisal & credit control processes, centralised operations unit, independent audit unit for checking compliance with the prescribed policies and approving loans at transaction level as well as our risk management processes and policies allow layers of multiple checks and verifications. Our key business processes are regularly monitored by the head of our business or operations. Our loan approval and administration procedures, collection and enforcement procedures are designed to minimise delinquencies and maximise recoveries.

At all levels of the Company's operations, specifically tailored risk reports are prepared and distributed in order to ensure that all business divisions have access to extensive, necessary and up-to-date information.

It is the Company's policy that a monthly briefing is given to the Board of Directors and all other relevant members of the Company in the utilisation of market limits, proprietary investments and liquidity, plus any other risk developments.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to. The Company's continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

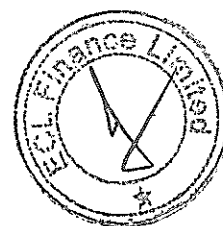
(Currency: Indian rupees in million)

52. Risk Management

52.D Types of Risks

The Company's risks are generally categorized in the following risk types:

Notes	Risks	Arising from	Measurement, monitoring and management of risk
52.D.1 Credit risk Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract.		Arises principally from financing, dealing in Corporate Bonds, Investments in Mutual Fund, Equity, but also from certain other products such as guarantees and derivatives	Measured as the amount that could be lost if a customer or counterparty fails to make repayments; Monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and Managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.
52.D.2 Liquidity risk Liquidity risk is the risk that we do not have sufficient financial resources to meet our obligations as they fall due or that we can only do so at an excessive cost.		Liquidity risk arises from mismatches in the timing of cash flows. Arises when illiquid asset positions cannot be funded at the expected terms and when required.	Measured using a range of metrics, including Asset Liability mismatch, Debt Equity Ratio, Regular monitoring of funding levels to ensure to meet the requirement for Business and maturity of our liabilities. Maintain diverse sources of funding and liquid assets to facilitate flexibility in meeting our liquidity requirements of the Company
52.D.3 Market risk Market risk is the risk that movements in market factors, such as Interest rates, equity prices and Index prices, will reduce our income or the value of our portfolios		Exposure to market risk is separated into two portfolios: trading and non-trading.	Measured using sensitivities, detailed picture of potential gains and losses for a range of market movements and scenarios. Monitored using measures, including the sensitivity of net interest income. Managed using risk limits approved by the risk management committee



ECL Finance Limited

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(Currency: Indian rupees in million)

52.D.1 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's Trade receivables and Loans. The Company has adopted a policy of dealing with creditworthy counterparties and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In case the loans are to be restructured, similar credit assessment process is followed by the Company.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties/Groups (Single Borrowing Limit/Group Borrowing Limit) and for industry concentrations, and by monitoring exposures in relation to such limits.

Credit quality of a customer is assessed based on its credit worthiness and historical dealings with the Company and market intelligence. Outstanding customer receivables are regularly monitored. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Derivative financial Instruments:

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet. With gross-settled derivatives, the Company is also exposed to a settlement risk, being the risk that the Company honours its obligation, but the counterparty fails to deliver the counter value.

Impairment Assessment:

The Company applies the expected credit loss model for recognising impairment loss. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS. Accordingly, the loans are classified into various stages as follows:

Internal rating grade	Internal grading description	Stages
Performing		
High grade	0 dpd and 1 to 30 dpd	Stage I
Standard grade	31 to 90 dpd	Stage II
Non-performing		
Individually impaired	90+ dpd	Stage III

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. Expected Credit Loss (ECL) computation is not driven by any single methodology, however methodology and approach used must reflect the following:

- 1) An unbiased and probability weighted amount that evaluates a range of possible outcomes
- 2) Reasonable and supportable information that is available without undue cost and effort at the reporting date about past events, current conditions and forecasts of future economic conditions;
- 3) Time value of money

While the time value of money element is currently being factored into ECL measurement while discounting cash flows by the Effective Interest Rate (EIR), the objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the first two requirements. This has been achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.1 Credit Risk

Significant increase in credit risk (SICR)

Company considers a financial instrument defaulted, classified as Stage 3 (credit-impaired) for ECL calculations, in all cases when the borrower becomes 90 days past due. Classification of assets from stage 1 to stage 2 has been carried out based on SICR criterion. Accounts which are more than 30 days past due have been identified as accounts where significant increase in credit risk has been observed. These accounts have been classified as Stage 2 assets. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

Probability of Default

Probability of default (PD) is an estimate of the likelihood of default over a given time horizon. PD estimation process is done based on historical internal data available with the Company. While arriving at the PD, the Company also ensures that the factors that affects the macro economic trends are considered to a reasonable extent, wherever necessary. Company calculates the 12 month PD by taking into account the past historical trends of the Loans/portfolio and its credit performance. In case of assets where there is a significant increase in credit risk / credit impaired assets, lifetime PD has been applied.

Loss Given Default (LGD)

The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. The Loss Given Default (LGD) has been computed with workout methodology. Workout LGD is widely considered to be the most flexible, transparent and logical approach to build an LGD model. Along with actual recoveries, value of the underlying collateral has been factored in to estimate future recoveries in LGD computation. Workout LGD computation involves the actual recoveries as well as future recoveries (as a part of the workout process) on a particular facility, as a percentage of balance outstanding at the time of Default/Restructuring. The assessment of workout LGD was then performed. Principal outstanding for each loan was assessed, which went into the denominator of the LGD calculation. LGD computation has been done for each segment and sub-segment separately.

Exposure at Default (EAD)

The amount which the borrower will owe to the portfolio at the time of default is defined as Exposure at Default (EAD). While the drawn credit line reflects the explicit exposure for the Company, there might be variable exposure that may increase the EAD. These exposures are of the nature where the Company provides future commitments, in addition to the current credit. Therefore, the exposure will contain both on and off balance sheet values. The value of exposure is given by the following formula:

$$\text{EAD} = \text{Drawn Credit Line} + \text{Credit Conversion Factor} * \text{Undrawn Credit Line}$$

Where,

Drawn Credit Line = Current outstanding amount

Credit Conversion Factor (CCF) = Expected future drawdown as a proportion of undrawn amount

Undrawn Credit Line = Difference between the total amount which the Company has committed and the drawn credit line While the drawn exposure and limits for the customer are available, the modelling of CCF is required for computing the EAD

Forward looking adjustments

"A measure of ECL is an unbiased probability-weighted amount that is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions."

To fulfil the above requirement Company has incorporated forward looking information into its measurement of ECL. The objective of developing a macroeconomic model using exogenous macroeconomic variables (MEVs) is to address the requirements of unbiased, probability weighted outcomes while taking into account current conditions as well as future economic conditions. This will be achieved by using the model output to adjust the PD risk component in order to make it forward looking and probability-weighted.

Exogenous macroeconomic parameters were used as independent (X) variables to predict the dependent (Y) variable. Keeping in mind Ind AS requirements around obtaining reliable and supportable information, without incurring undue cost or effort- based on advice of risk committee members and economic experts and consideration of a variety of external actual and forecast information, the Company formulates base case view of the future direction of relevant economic variable as well as a representative range of other possible forecast scenario. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.1 Credit Risk

Data sourcing

The Company is expected to obtain reasonable and supportable information that is available without undue cost or effort. Keeping in mind the above requirement macroeconomic information was aggregated from Economic Intelligence Unit (EIU), Bloomberg, World Bank, RBI database. The EIU data has a database of around 150 macroeconomic variables as well as their forecasted values. Beyond 2022 macro-economic variables are forecasted by mean reverting the values to their long term average. External information includes economic data and forecasts published by governmental bodies and monetary authorities in the country, supranational organisations such as the OECD and the IMF, and selected private sector and academic forecasters.

Probability weighted scenario creations:

To incorporate macroeconomic impact into probability-weighted, each scenario has an associated probability. In order to ensure consistency across macroeconomic models, these probabilities were calculated at an overall level for both Retail and Non-Retail portfolios, keeping in mind that though the impact of a scenario across different portfolios may differ based on endogenous factors, the probability of a scenario unfolding is purely exogenous, and hence should not vary.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and using an analysis of historical data, has estimated relationship between macro-economic variables and credit risk and credit losses.

The significant economic parameters scenarios used are as follows:

Key Economic Parameter	Base FY +1	Base FY +2
Debt-to-GDP ratio:	18.3-18.7%	18.7-19.2%
Total factor productivity	4-4.5	4.4-5.0
Labour productivity growth:	5.1-5.5%	5.5-6.3%
Unemployment rate	8.5-8.8%	8.5-8.8%
Gross Domestic Product	7.0-7.5%	7.5-8.0%

Apart from the above significant economic parameters, the Company has also identified and used few other economic parameter to build up the forward looking scenarios. These indicators include inflation, forecasted growth in real estate sector, expectation of industry performance, collateral coverage movement, conduct of accounts and expectation of market liquidity.

Above explained indicators have supported in measurement of ECL, and behaviours of such indicators will suitably support going forward in measurement of forward looking scenarios.

Predicted relationship between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

Overview of modified and forborne loans:

The table below shows assets that were modified and, therefore, treated as forborne during the year, with the related modification loss suffered by the Company.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Amortised costs of financial assets modified during the year	6.51	1,116.03
Net modification loss	(0.02)	(4.55)



there were no/ previously modified financial assets for which loss allowance has changed to 12mECL measurement during the year:

Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location.

To avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.1 Credit Risk

The following table shows the risk concentration by industry for the components of the balance sheet

As at March 31, 2020

Particulars	Central & State Government	Financial services	Agriculture	Manufacturing industry	Real estate	Service sector	Retail loans	Total
Financial assets								
Cash and cash equivalents	-	18,128.42	-	-	-	-	-	18,128.42
Bank balances other than cash and cash equivalents	-	7,505.14	-	-	-	-	-	7,505.14
Derivative financial instruments	-	789.37	-	-	-	-	-	789.37
Securities held for trading	7,462.91	6,136.16	-	12.28	-	-	-	13,611.35
Trade receivables	-	2,041.16	-	-	-	-	-	2,041.16
Loans	-	3,774.15	470.04	8,625.55	56,325.15	10,403.44	48,586.07	1,28,184.40
Investments	-	16,394.73	-	-	33,352.97	-	-	49,747.70
Other financial assets	-	3,181.39	-	-	-	-	-	3,181.39
	7,462.91	57,950.52	470.04	8,637.83	89,678.12	10,403.44	48,586.07	2,23,188.93

As at March 31, 2019

Particulars	Central & State Government	Financial services	Agriculture	Manufacturing industry	Real estate	Service sector	Retail loans	Total
Financial assets								
Cash and cash equivalents	-	985.40	-	-	-	-	-	985.40
Bank balances other than cash and cash equivalents	-	470.24	-	-	-	-	-	470.24
Derivative financial instruments	-	383.30	-	-	-	-	-	383.30
Securities held for trading	13,873.48	4,496.66	-	9.23	-	-	-	18,379.37
Trade receivables	-	720.99	-	-	-	-	-	720.99
Loans	-	9,918.96	5,247.50	18,321.96	1,06,644.51	14,645.18	83,188.63	2,37,966.74
Investments	-	10,039.67	711.13	-	-	-	-	10,750.80
Other financial assets	-	1,716.85	-	-	-	247.87	-	1,964.72
	13,873.48	28,732.07	5,958.63	18,331.19	1,06,644.51	14,893.05	83,188.63	2,71,621.56



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Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

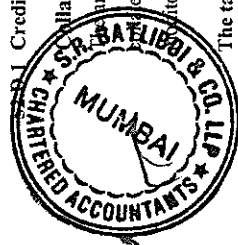
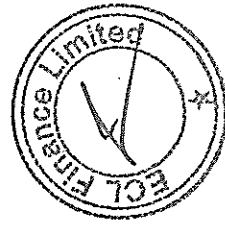
3.1 Credit Risk (Contd.)

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are charges over real estate properties, inventory, trade receivables, mortgages over residential properties, Securities. Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

The tables below shows the maximum exposure to credit risk by class of financial asset along with details on collaterals held against exposure.

	Maximum exposure to credit risk		Principal type of collateral
	As at March 31, 2020	As at March 31, 2019	
Financial Assets			
Cash and cash equivalents	18,128.42	985.40	
Bank balances other than cash and cash equivalents	7,505.14	470.24	
Derivative financial instruments	789.37	383.30	
Securities held for trading	13,611.35	18,379.37	The Company invest in Highly liquid Central/State Government securities, high rated Corporate Bonds and liquid Mutual fund units
Trade receivables	2,041.16	720.99	These are receivables mainly from Clearing houses, Group. Carrying minimum risk.
Loans			
Corporate credit	86,843.64	1,49,405.54	Equity Shares, Mutual Fund units, Land, Property, Project Receivable, etc.
Retail credit	49,473.56	94,679.89	Property: Office Space, Flats, Bungalow, Pent house, Row house, Commodities, Equity shares and Mutual fund units, Bonds, etc.
Investments	49,747.70	10,750.80	
Other financial assets	3,181.39	1,964.72	
	2,31,321.73	2,77,740.25	
Loan Commitments	15,637.40	31,481.63	Equity Shares, Mutual Fund units, Land, Property, Project Receivable, Office Space, Flats, Bungalow, Pent house, Row house Commodities.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.1 Credit Risk (Contd.)

Collateral and other credit enhancements

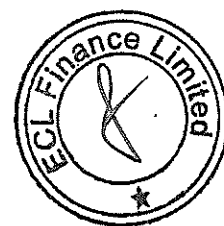
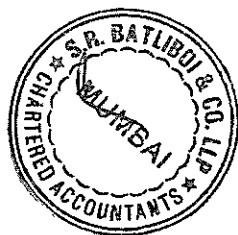
Financial assets that are stage 3 and related collateral held in order to mitigate potential losses are given below:

Maximum exposure to credit risk as at March 31, 2020

	Carrying amount before ECL	Associated ECL	Carrying amount	Fair value of collateral
Financial Assets				
Loans				
Corporate Credit	4,888.87	641.09	4,247.78	9,713.54
Retail Credit	239.60	53.29	186.31	289.43
Trade Receivables	11.47	11.47	-	-
	5,139.94	705.85	4,434.09	10,002.97

Maximum exposure to credit risk as at March 31, 2019

	Carrying amount before ECL	Associated ECL	Carrying amount	Fair value of collateral
Financial Assets				
Loans				
Corporate Credit	5,201.43	3,252.45	1,948.98	2,352.68
Retail Credit	486.12	106.27	379.85	492.82
Trade Receivables	4.81	4.81	-	-
	5,692.36	3,363.53	2,328.83	2,845.50



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.2 Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Company has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly. Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario.

To manage the stressed circumstances the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities and Mutual Funds. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 6-9% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern. There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds. Funding is raised through diversified sources including Banks, Public and Private issue of Debt, Commercial paper, ECB, Sub Debt etc to maintain a healthy mix.

Liquidity Cushion:

	As at March 31, 2020	As at March 31, 2019
Liquidity cushion		
Government Debt Securities	7,462.92	13,873.50
Mutual Fund Investments	5,973.66	3,483.09
Total Liquidity cushion	13,436.58	17,356.59

Financing Arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting year

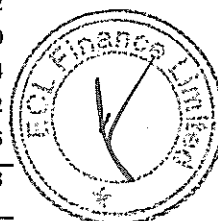
	As at March 31, 2020	As at March 31, 2019
Committed Lines from Banks	3,319.62	1,732.63

Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at:

As at March 31, 2020

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Financial Assets						
Cash and cash equivalents	9,128.42	6,000.00	3,000.00	-	-	18,128.42
Bank balances other than cash and cash equivalents	-	300.35	7,073.11	131.69	-	7,505.15
Derivative financial instruments	-	708.96	0.17	80.24	-	789.37
Securities held for trading	-	8,976.88	4,634.46	-	-	13,611.34
Trade receivables	-	1,602.65	438.50	-	-	2,041.15
Loans	-	18,573.77	34,778.59	1,10,643.81	15,690.08	1,79,686.25
Investments	-	-	1,000.00	49,078.10	-	50,078.10
Other financial assets	550.81	2,000.79	-	-	629.79	3,181.39
Total undiscounted financial assets	9,679.23	38,163.40	50,924.83	1,59,933.84	16,319.87	2,75,021.17
Financial Liabilities						
Derivative financial instruments	-	934.32	0.32	20.71	-	955.35
Trade payables	-	1,503.42	-	-	-	1,503.42
Debt securities	-	4,416.20	27,489.35	63,230.01	22,311.74	1,17,447.30
Borrowings (other than debt securities)	-	20,520.05	39,489.65	41,485.14	-	1,01,494.84
Subordinated Liabilities	-	5,351.66	1,279.37	7,817.01	12,413.68	26,861.72
Other financial liabilities	-	909.77	835.04	2,477.44	-	4,222.25
Total undiscounted financial liabilities	-	33,635.42	69,093.73	1,15,030.31	34,725.42	2,52,484.88
Total net financial assets / (liabilities)	9,679.23	4,527.98	(18,168.90)	44,903.53	(18,405.55)	22,536.29



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.2 Liquidity Risk

Notes:

The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 14,166.77 million as at March 31, 2020 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket. Subsequent to March 31, 2020, lenders have rolled over the short term cash credit facility amounting to Rs. 8,000 million into long term working capital demand loan.

Additionally, subsequent to balance sheet date, the Company has, as part of its ALCO activities, with a focus on raising long term funds approached bankers for raising funds through LTRO and PCG schemes offered by the Reserve Bank of India as part of COVID-19 package. Till date, the Company has raised Rs. 6,750 million through LTRO scheme and Rs. 1,250 million through PCG scheme.

As at March 31, 2019

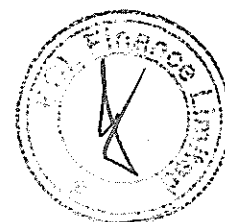
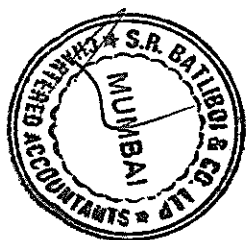
Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Financial Assets						
Cash and cash equivalents	985.40	-	-	-	-	985.40
Bank balances other than cash and cash equivalents	-	110.56	196.69	206.24	-	513.49
Derivative financial instruments	-	383.29	-	-	-	383.29
Securities held for trading	2,093.45	-	16,285.90	-	-	18,379.35
Trade receivables	-	721.02	-	-	-	721.02
Loans	-	25,180.86	41,111.33	2,18,043.39	44,272.64	3,28,608.22
Investments	-	-	-	11,039.65	-	11,039.65
Other financial assets	1,625.80	-	-	148.04	190.88	1,964.72
Total undiscounted financial assets	4,704.65	26,395.73	57,593.92	2,29,437.32	44,463.52	3,62,595.14
Financial Liabilities						
Derivative financial instruments	-	476.84	-	-	-	476.84
Trade payables	-	2,961.80	451.50	-	-	3,413.30
Debt securities	-	8,673.86	22,485.11	66,450.11	24,475.48	1,22,084.56
Borrowings (other than debt securities)	2,093.45	10,316.02	49,003.73	66,392.80	1,182.49	1,28,988.49
Subordinated Liabilities	-	376.02	907.25	12,000.82	12,167.50	25,451.59
Other financial liabilities	673.67	2,151.71	-	750.24	-	3,575.62
Total undiscounted financial liabilities	2,767.12	24,956.25	72,847.59	1,45,593.97	37,825.47	2,83,990.40
Total net financial assets / (liabilities)	1,937.53	1,439.48	(15,253.67)	83,843.35	6,638.05	78,604.74

Notes

The Company has conservatively considered that the Cash Credit facilities availed by it aggregating to Rs. 22,322.04 million as at March 31, 2019 will be repaid on their renewal dates and accordingly reflected the same in the 6 to 12 months maturity bucket. However, empirically the Company has been able to rollover all its cash credit facilities

Further, as on the date of signing the financial statements the Company has as part of its ALCO activities with a focus on raising long term funds has filed the Shelf Prospectus on May 6, 2019 for Non Convertible Debentures of issue size of Rs. 3,000 million

Also, the Company has augmented its long term funds by issuance of Compulsorily Convertible Debentures CCDs, wherein the Company has received an aggregate consideration of Rs. 10,395.00 million on May 7, 2019 towards Tranche I of the CCDs (USD 150 Million). The Company will receive USD 50 Million each in Tranche II and Tranche III in two annual instalments.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.2 Liquidity Risk

Contractual expiry of commitments

The table below shows the contractual expiry by maturity of the Company's commitments.

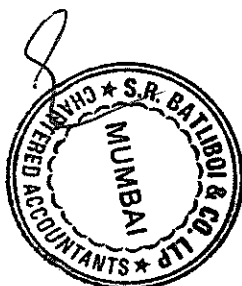
As at March 31, 2020

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Undrawn committed credit lines	-	-	15,637.40	-	-	15,637.40
Estimated amount of contracts capital account	-	-	10.18	-	-	10.18
	-	-	15,647.58	-	-	15,647.58

As at March 31, 2019

Particulars	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 Years	Total
Undrawn committed credit lines	-	-	31,481.63	-	-	31,481.63
Estimated amount of contracts capital account	-	-	33.00	-	-	33.00
	-	-	31,514.63	-	-	31,514.63

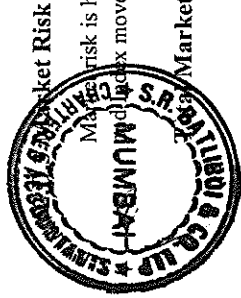
The Company expects that not all of the contingent liabilities or commitments will be drawn before expiry of the commitments



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

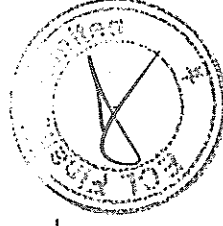


Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, equity prices and commodity prices movements. The company classifies exposures to market risk into either trading or non-trading portfolios and manages each of those portfolios separately. All

Market risk exposure

Particulars	As at March 31, 2020			As at March 31, 2019			Primary risk Sensitivity
	Carrying Amount	Traded risk	Non traded risk	Carrying Amount	Traded risk	Non traded risk	
Financial Assets							
Cash and cash equivalents	18,128.42	-	18,128.42	985.40	-	985.40	
Bank balances other than cash and cash equivalents	7,505.14	-	7,505.14	470.24	-	470.24	Interest rate risk
Derivative financial instruments	789.37	708.96	80.41	383.30	354.53	28.77	Price risk , Interest rate risk
Securities held for trading	13,611.35	13,611.35	-	18,379.37	18,379.37	-	Price risk , Interest rate risk
Trade receivables	2,041.16	-	2,041.16	720.99	-	720.99	
Loans	1,28,184.40	-	1,28,184.40	2,37,966.74	-	2,37,966.74	Interest rate risk
Investments	49,747.70	-	49,747.70	10,750.80	-	10,750.80	Interest rate risk
Other financial assets	3,181.39	-	3,181.39	1,964.72	-	1,964.72	Interest rate risk
Total Assets	2,23,188.93	14,320.31	2,08,868.62	2,71,621.56	18,733.90	2,52,887.66	
Financial Liabilities							
Derivative financial instruments	955.35	919.07	36.28	476.83	197.58	279.25	Price risk , Interest rate
Trade payables	1,503.41	-	1,503.41	3,413.31	-	3,413.31	
Debt securities	88,633.71	-	88,633.71	94,871.85	-	94,871.85	Interest rate risk
Borrowings (other than debt securities)	93,177.45	-	93,177.45	1,13,287.45	-	1,13,287.45	Interest rate risk
Subordinated Liabilities	19,789.28	-	19,789.28	19,994.59	-	19,994.59	Interest rate risk
Other financial liabilities	4,222.25	253.51	3,968.74	3,575.60	673.72	2,901.88	Price risk
Total Liabilities	2,08,281.45	1,172.58	2,07,108.87	2,35,619.63	871.30	2,34,748.33	



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

52.D.3 Market Risk (Contd.)

Interest Rate Risk

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

ALCO is the monitoring body for compliance with these limits. ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. Balance Sheet Management Unit is in-charge for day to day management of interest

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on the non-trading interest rate gaps for stipulated periods. The Company's policy is to monitor positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity. The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held at 31 March 2020 and at 31 March 2019

Interest rate sensitivity

As at March 31, 2020

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Bank Borrowings	25	(151.58)	-	25	151.58	-
Interest Rate Swaps	25	7.50	-	25	(7.50)	-
Floating rate loans	25	51.06	-	25	(51.06)	-
Government securities	25	(18.66)	-	25	18.66	-
Corporate debt securities	25	(0.41)	-	25	0.41	-

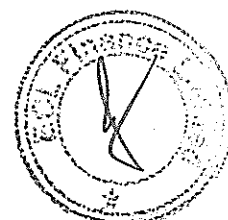
As at March 31, 2019

	Increase in basis points	Sensitivity of Profit	Sensitivity of Equity	Decrease in basis points	Sensitivity of Profit	Sensitivity of Equity
Bank Borrowings	25	(267.97)	-	25	267.97	-
Interest Rate Swaps	25	21.88	-	25	(21.88)	-
Floating rate loans	25	70.39	-	25	(70.39)	-
Government securities	25	(34.68)	-	25	34.68	-
Corporate debt securities	25	(0.75)	-	25	0.75	-

Price risk

The Company's exposure to price risk arises from investments held in Equity Shares, Exchange traded futures, Mutual fund units, all classified in the balance sheet at fair value through profit or loss. To manage its price risk arising from such investments, the Company diversifies its portfolio.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the level of individual investment in prices of financial instruments.



ECL Finance Limited**Notes to the financial statement for the year ended March 31, 2020**

(Currency: Indian rupees in million)

52.D.3 Market Risk (Contd.)**As at March 31, 2020**

	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments	5	(102.37)	-	5	102.37	-
Equity instruments	5	0.61	-	5	(0.61)	-
Interest rate futures	5	(63.57)	-	5	63.57	-
Mutual fund units	5	298.68	-	5	(298.68)	-

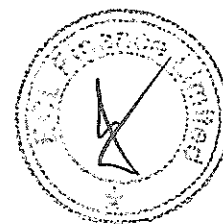
As at March 31, 2019

	Increase in price (%)	Sensitivity of Profit	Sensitivity of Equity	Decrease in price (%)	Sensitivity of Profit	Sensitivity of Equity
Derivative instruments	5	(55.47)	-	5	55.47	-
Equity instruments	5	2.50	-	5	(2.50)	-
Interest rate futures	5	(34.10)	-	5	34.10	-
Mutual fund units	5	174.15	-	5	(174.15)	-

52.D.4 Prepayment Risk

Prepayment risk is the risk that the Company will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate Loans/borrowings in the falling interest rate scenario.

If 5% of total repayable financial instruments were to prepay at the beginning of the year following the reported period, with all other variables held constant, the profit before tax for the year would be reduced by Rs. 245.44 million (previous year Rs. 695.61 million)



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

54.A Capital:**Capital to risk assets ratio (CRAR)**

	As at March 31, 2020	As at March 31, 2019
CRAR (%)	21.02%	19.27%
CRAR - Tier I capital (%)	10.51%	14.27%
CRAR - Tier II Capital (%)	10.51%	5.00%

Perpetual Debt

	As at and for year ended	
	March 31, 2020	March 31, 2019
Amount raised by issue of perpetual debt instruments	-	-
Perpetual debt outstanding including Interest	3,273.05	3,272.82
Percentage of Perpetual debt to Tier I Capital;	14.53%	7.55%

Subordinated debt

	As at and for year ended	
	March 31, 2020	March 31, 2019
Amount of subordinated debt raised as Tier-II capital	-	-

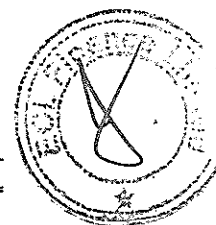
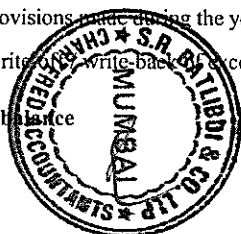
54.B Investments

	As at March 31, 2020	As at March 31, 2019
I) Value of Investment		
Gross value of investments		
In India	53,579.74	10,419.42
Outside India	-	-
Provisions for depreciation / appreciation		
In India	(3,832.04)	331.38
Outside India	-	-
Net value of investments		
In India	49,747.70	10,750.80
Outside India	-	-

Please refer note no. 15.B for more details on investments

II) Movement of provisions held towards depreciation/appreciation on investments.

	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening balance	(331.38)	(501.67)
Add : Provisions made during the year	4,389.31	234.42
Less : Write-back of excess provisions during the year	(225.89)	(64.13)
Closing balance	3,832.04	(331.38)



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

54.C Derivatives

	As at March 31, 2020	As at March 31, 2019
I) Forward rate agreement / interest rate swap		
The notional principal of swap agreements	12,000.00	16,250.00
Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	85.65	136.59
Collateral required by the NBFC upon entering into swaps	-	-
Concentration of credit risk arising from the swaps*	100.00%	100.00%
The fair value of the swap book	(77.19)	(46.63)

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

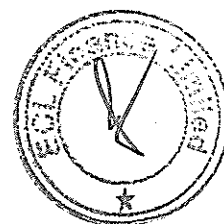
	As at March 31, 2020	As at March 31, 2019
II) Exchange traded interest rate (IR) derivatives		
Notional principal amount of exchange traded IR derivatives undertaken during the year	1,73,409.80	99,666.60
Notional principal amount of exchange traded IR derivatives outstanding	1,247.20	695.40
Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

III) Disclosures on risk exposure in derivatives**Qualitative disclosure**

The Company undertakes transactions in derivative products in the role of a user with counter parties. The Company deals in the derivatives for balance sheet management i.e. for hedging fixed rate, floating rate or foreign currency assets/liabilities and for hedging the variable interest in case of benchmark linked debentures. All derivatives are marked to market on reporting dates and the resulting gain/loss is recorded in the statement of profit and loss.

Dealing in derivatives is carried out by specified groups of the treasury department of the Company based on the purpose of the transaction. Derivative transactions are entered into by the treasury front office. Mid office team conducts an independent check of the transactions entered into by the front office and also undertakes activities such as confirmation, settlement, risk monitoring and reporting.

The Company has a credit and market risk department that assesses counterparty risk and market risk limits, within the risk architecture and processes of the Company. The Company has in place a policy which covers various aspects that apply to the functioning of the derivative business. Limits are monitored on a daily basis by the mid-office.



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

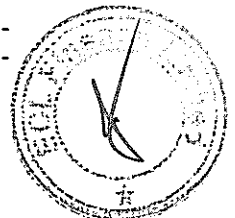
Quantitative disclosure

	As at March 31, 2020		As at March 31, 2019	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
Derivatives (notional principal amount)				
For hedging	-	13,247.20	-	16,945.40
Marked to market positions				
Assets (+)	-	85.65	-	136.59
Liability (-)	-	(162.84)	-	(183.22)
Credit exposure	-	127.50	-	291.25
Unhedged exposures	-	-	-	-

54.D Disclosures relating to securitisation

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

	As at March 31, 2020	As at March 31, 2019
a) No. of SPVs sponsored by the NBFC for securitisation transactions	7.00	3.00
b)		
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	3,907.82	868.48
c) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	371.66	86.85
Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
On-balance sheet exposures		
- First loss	371.66	86.85
- Others	-	-
d) Amount of exposures to securitisation transactions other than MRR	323.18	201.43
Off-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
On-balance sheet exposures		
Exposure to own securitisations		
- First loss	323.18	201.43
- Others	-	-



54. Regulatory disclosures - RBI

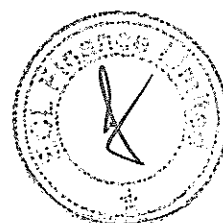
The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

	As at March 31, 2020	As at March 31, 2019
No. of accounts	47.00	12.00
Aggregate value (net of provisions) of accounts sold to SC / RC	58,269.14	6,798.94
Aggregate consideration	46,167.40	5,828.60
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain / (loss) over net book value	(12,101.74)	(970.34)
Loss on sale to SC/RC during the year	(12,101.74)	(970.34)
Amount received in respect of accounts transferred in prior year	-	-

The information on direct assignment of the Company as an originator in respect of outstanding amount of assets assigned under par structure is given below:

	As at March 31, 2020	As at March 31, 2019
a) No. of transactions assigned by the NBFC	11.00	5.00
b) Total amount outstanding	5,112.62	247.95
c) Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	1,024.23	27.55
Off-balance sheet exposures		
- First loss	-	-
- Others	-	-
On-balance sheet exposures		
- First loss	-	-
- Others	1,024.23	27.55
d) Amount of exposures to securitisation transactions other than MRR	-	-
Off-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
On-balance sheet exposures		
Exposure to own securitisations		
- First loss	-	-
- Others	-	-
Exposure to third party securitisations		
- First loss	-	-
- Others	-	-



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

Details of non-performing financial assets purchased from / sold to other NBFCs

	As at March 31, 2020	As at March 31, 2019
<u>Details of non-performing financial assets purchased</u>		
No. of accounts purchased during the year	2.00	-
Aggregate outstanding	108.80	-
Of these, number of accounts restructured during the year	-	-
Aggregate outstanding	-	-
<u>Details of Non-performing Financial Assets sold :</u>		
No. of accounts purchased during the year	-	-
Aggregate outstanding	-	-
Aggregate consideration received	-	-

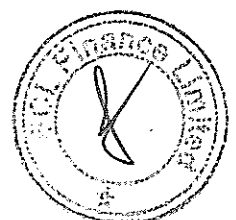
54.E Asset liability management**Maturity pattern of certain items of assets and liabilities as at March 31, 2020**

	Assets		Liabilities	
	Loans	Investments*	Borrowings from bank	Other borrowings
1 day to 30/31 days (One month)	3,700.83	7,717.41	5,916.82	18,543.88
Over One months to 2 months	276.05	-	2,508.83	10,989.09
Over 2 months up to 3 months	6,720.39	1,259.47	5,343.07	5,976.40
Over 3 months to 6 months	10,197.62	-	7,699.90	2,559.63
Over 6 months to 1 year	23,335.59	5,421.50	25,765.79	7,919.92
Over 1 year to 3 years	55,294.62	3,988.91	28,466.27	21,351.73
Over 3 years to 5 years	19,412.29	45,089.19	3,464.33	15,778.90
Over 5 years	16,685.58	1,162.00	-	39,315.88
	1,35,622.97	64,638.48	79,165.01	1,22,435.43

*Investments also include securities held for trading and Investment in property

The Company has considered that the Cash Credit facilities availed by it aggregating to Rs. 14,166.77 million as at March 31, 2020 will be repaid on their renewal dates and accordingly reflected the same in the "within 12 months" bucket. Subsequent to March 31, 2020, lenders have rolled over the short term cash credit facility amounting to Rs. 8,000 million into long term working capital demand loan.

Additionally, subsequent to balance sheet date, the Company has, as part of its ALCO activities, with a focus on raising long term funds approached bankers for raising funds through LTRO and PCG schemes offered by the Reserve Bank of India as part of COVID-19 package. Till date, the Company has raised Rs. 6,750 million through LTRO scheme and Rs. 1,250 million through PCG scheme.



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

Maturity pattern of certain items of assets and liabilities as at March 31, 2019

	Assets		Liabilities	
	Loans	Investments*	Borrowings from bank	Other borrowings
1 day to 30/31 days (One month)	11,842.19	18,379.37	1,684.76	8,229.45
Over One months to 2 months	5,204.51	-	225.00	1,314.32
Over 2 months up to 3 months	4,481.72	-	6,290.42	1,465.36
Over 3 months to 6 months	8,182.28	-	5,528.90	6,318.13
Over 6 months to 1 year	19,800.63	-	36,802.55	16,185.80
Over 1 year to 3 years	1,15,658.80	-	42,455.48	45,520.75
Over 3 years to 5 years	56,322.95	10,750.80	10,300.66	16,682.84
Over 5 years	22,592.35	-	-	29,149.47
	2,44,085.43	29,130.17	1,03,287.77	1,24,866.12

*Investments also include securities held for trading

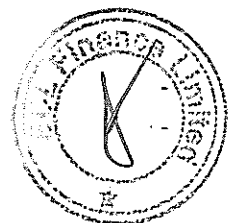
The Company has conservatively considered that the Cash Credit facilities availed by it aggregating to Rs. 22,322.04 million as at March 31, 2019 will be repaid on their renewal dates and accordingly reflected the same in the 6 to 12 months maturity bucket. However, empirically the Company has been able to rollover all its cash credit facilities

Further, as on the date of signing the financial statements the Company has as part of its ALCO activities with a focus on raising long term funds has filed the Shelf Prospectus on May 6, 2019 for Non Convertible Debentures of issue size of Rs. 3,000 million

Also, the Company has augmented its long term funds by issuance of Compulsorily Convertible Debentures CCDs, wherein the Company has received an aggregate consideration of Rs. 10,395.00 million on May 7, 2019 towards Tranche I of the CCDs (USD 150 Million). The Company will receive USD 50 Million each in Tranche II and Tranche III in two annual instalments.

54.F Exposures**Exposure to real estate sector**

	As at March 31, 2020	As at March 31, 2019
a) Direct exposure		
Residential mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented: (Individual housing loans up to Rs.15 lakhs may be shown separately)	6,709.23	10,400.14
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.	75,494.47	1,29,577.85
Investments in mortgage backed securities (MBS) and other securitised exposures -		
- Residential	-	-
- Commercial Real Estate	40,063.81	-
b) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies	-	-
c) Other	-	-



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

Exposure to capital market

	As at March 31, 2020	As at March 31, 2019
a) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	1,284.12	724.60
b) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	13,461.33	44,156.81
c) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.	18,030.48	39,701.29
d) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances.	1,062.27	1,069.87
e) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	1.83	4.02
f) 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	-	-
g) bridge loans to companies against expected equity flows / issues	-	-
h) all exposures to Venture Capital Funds (both registered and unregistered)	-	-
i) others (not covered above)	5,130.54	-

54.G Details of financing of parent company products:

Details of financing of parent company products: Nil (Previous year : Nil)

54.H Details of single borrower limit and borrower group limit exceeded by the Company:

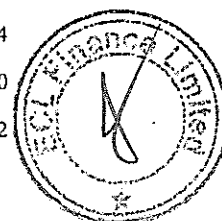
During the year ended 31 March 2020 and 31 March 2019, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

54.I Registration obtained from other financial sector regulators - None**54.J Disclosure of penalties imposed by RBI and other regulators- Rs.Nil million in respect of penalty for securities pay in shortage (Previous year - Rs. NIL million)****54.K Related party transactions**

All Material transactions with related parties are reflected in Note 49

54.L Details of transaction with non executive directors

Name of Director	Nature	For the year ended March 31, 2020	For the year ended March 31, 2019
PN Venkatachalam	Sitting Fees	0.48	0.44
Biswamohan Mahapatra	Sitting Fees	0.44	0.30
Dasagaran Chinniah	Sitting Fees	0.08	0.02



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

54.M Provisions and contingencies

	As at March 31, 2020	As at March 31, 2019
Breakup of provisions and contingencies shown under the head other expenses in the statement of profit and loss		
Provisions for depreciation/(appreciation) on Investment	3,450.95	-
Provision towards Stage 3	(2,664.34)	686.29
Provision made towards Income tax	(117.39)	2,398.62
Provision for Stage 1/Stage 2 Assets including restructured and others	5,404.59	499.49
Other Provision and Contingencies		
Provision for credit loss on securitisation	2.27	(4.21)
Provision towards ECL on trade receivables	20.52	0.32

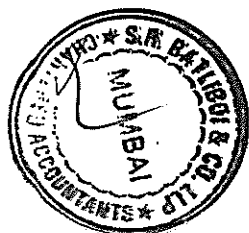
54.N Draw down from reserves

During the year ended 31 March 2020 and 31 March 2019, the Company has not drawn any reserve

54.O Concentration of deposits, advances, exposures and stage 3 assets

	As at March 31, 2020	As at March 31, 2019
<u>Concentration of advances</u>		
Total Advances to twenty largest borrowers	48,489.05	55,099.91
% of Advances to twenty largest borrowers to Total Advances	35.57%	22.57%
<u>Concentration of exposures</u>		
Total Exposures to twenty largest borrowers / Customers	49,870.26	57,695.20
% of Exposures to twenty largest borrowers / Customers to Total Advances	36.58%	23.64%
<u>Concentration of stage 3</u>		
Total Exposures to top Four Stage 3 Assets	5,065.45	4,619.37
<u>Sector-wise Stage 3 Assets</u>		
	% of Stage 3 assets to Total Advances in that sector	
Sectors	March 31, 2020	March 31, 2019
Agriculture & allied activities	1.45%	2.35%
MSME	0.36%	0.53%
Corporate borrowers	6.56%	7.53%
Services	0.00%	0.07%
Unsecured loans	0.00%	0.00%
Auto loans	0.00%	0.00%
Other loans	0.50%	0.29%

Other loans represents retail loans



54. Regulatory disclosures - RBI

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

54.P Movement of Stage 3 assets

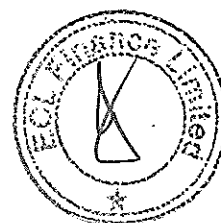
The following table sets forth, for the periods indicated, the details of movement of Stage 3 assets, Stage 3 assets net of stage 3 provision net and Stage 3 provision

	As at March 31, 2020	As at March 31, 2019
Stage 3 assets net of stage 3 provision to net advances (%)	3.27%	0.97%
Movement of Stage 3 assets		
Opening balance	5,687.55	4,699.20
Additions during the year	61,189.50	7,966.93
Reductions during the year*	(61,748.58)	(6,978.58)
Closing balance	5,128.47	5,687.55
Movement of Stage 3 net of stage 3 provisions		
Opening balance	2,328.83	2,026.77
Additions during the year	59,533.60	5,885.82
Reductions during the year	(57,428.34)	(5,583.76)
Closing balance	4,434.09	2,328.83
Movement of stage 3 provisions (excluding provision on Stage 1/Stage 2)		
Opening Balance	3,358.72	2,672.43
Additions during the year	1,655.90	2,081.11
Reductions during the year	(4,320.24)	(1,394.82)
Closing balance	694.38	3,358.72

*Includes Stage 3 assets written off during the year Rs. 3,465.88 million (Previous year: Rs 242.42 million)

54.Q Overseas assets - Nil (Previous year - nil)**54.R Off-balance sheet SPV sponsored - none (previous year - none)****54.S Customer complaints**

	For the year ended March 31, 2020	For the year ended March 31, 2019
No. of complaints pending at the beginning of the year	-	-
No. of complaints received during the year	369.00	148.00
No. of complaints redressed during the year	361.00	148.00
No. of complaints pending at the end of the year	8.00	-



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

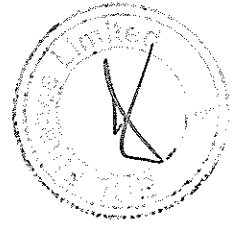
Rating assigned by credit rating agencies

The following additional information is disclosed in the terms of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

	CRISIL		ICRA		CARE		Brickworks		Acute	
	Rating	Amount	Rating	Amount	Rating	Amount	Rating	Amount	Rating	Amount
Long Term Instruments	CRISIL AA- /stable	1,18,800.00	[ICRA] AA-	1,32,862.50	CARE AA- /stable	52,629.70	BWR AA-/negative, BWR AA-/negative	18,000.00	ACUTE AA- /negative	3,000.00
Short term instruments	CRISIL A1+	2,60,000.00	ICRA A1+	1,85,000.00	CARE A1+	2,26,866.60				
Market linked debentures	CRISIL AA- /stable		[ICRA] AA-		CARE AA- /stable					
Short term	CRISIL PP- MLD A1+R	12,000.00	PP-MLD ICRA A1+	9,000.00						
Long Term	CRISIL PP- MLD AA- r/stable	24,941.50	PP-MLD [ICRA] AA-	24,116.30	CARE PP-MLD AA-/stable	5,032.80	BWR PP-MLD AA-/negative	1,500.00		

as at March 31, 2019	CRISIL		ICRA		CARE		Brickworks		Acute	
	Rating	Amount	Rating	Amount	Rating	Amount	Rating	Amount	Rating	Amount
Long Term Instruments	CRISIL AA/ Stable	2,50,300.00	ICRA AA	3,12,862.50	CARE AA	1,73,465.20	BWR AA+, BWR AA	18,000.00	ACUTE AA + /Stable	4,500.00
Short term instruments	CRISIL A1+	1,50,000.00	ICRA A1+	1,55,000.00	CARE A1+	1,00,000.00				
Market linked debentures										
Short term	CRISIL PP- MLD A1+R	12,000.00	PP-MLD ICRA A1+	9,000.00						
Long Term	CRISIL PP- MLD AA/ Stable	25,250.00	PP-MLD ICRA AA	24,116.30	CARE PP-MLD AA	5,286.30	BWR PP-MLD AA+	1,500.00		

54.U Note to the Balance Sheet of a non-banking financial company as required in terms of Chapter II paragraph 5 of Monitoring of frauds in NBFCs (Reserve Bank) Directions, 2016 - Nil



Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

54.V Disclosure of Restructured Accounts

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

Disclosure of Restructured Accounts for the year ended March 31, 2020

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	
Details																	
1	Restructured accounts as on 1st April, 2019 (Opening figures)	-	-	-	-	-	2.00	11.00	-	-	13.00	2.00	11.00	-	-	13.00	
	Amount outstanding	-	-	-	-	-	65.95	1,049.95	-	-	1,115.90	65.95	1,049.95	-	-	1,115.90	
	Provision thereon	-	-	-	-	-	9.13	594.24	-	-	603.37	9.13	594.24	-	-	603.37	
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	6.00	-	-	6.00	-	6.00	-	-	6.00	
	Amount outstanding	-	-	-	-	-	-	6.51	-	-	6.51	-	6.51	-	-	6.51	
3	Upgradations of restructured accounts to Standard category*	-	-	-	-	-	-	0.94	-	-	0.94	-	0.94	-	-	0.94	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	(4.00)	-	-	(4.00)	-	(4.00)	-	-	(4.00)	
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	-	-	-	-	-	-	(1,043.57)	-	-	(1,043.57)	-	(1,043.57)	-	-	(1,043.57)	
5	Downgradations of restructured accounts during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
6	Write-offs of restructured accounts during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	(5.00)	-	-	(5.00)	-	(5.00)	-	-	(5.00)	
	Amount outstanding	-	-	-	-	-	-	(3.87)	-	-	(3.87)	-	(3.87)	-	-	(3.87)	
7	Restructured accounts as on 31st Mar. 2020 (Closing figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Amount outstanding	-	-	-	-	-	2.00	8.00	-	-	10.00	2.00	8.00	-	-	10.00	
		-	-	-	-	-	65.95	9.02	-	-	74.97	65.95	9.02	-	-	74.97	
	Provision thereon	-	-	-	-	-	9.13	1.32	-	-	10.45	9.13	1.32	-	-	10.45	

Note :

*includes recovery made during the year from the Sub-standard restructure accounts.

**includes recovery made during the year from the standard restructure accounts.



54.V. Disclosure of Restructured Accounts

(as required by RBI guidelines under reference DNBS. CO. PD. No. 367 / 03.10.01 / 2013-14 dated January 23, 2014)

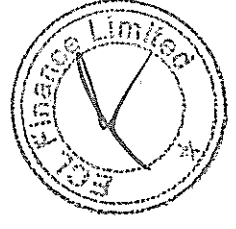
Disclosure of Restructured Accounts for the year ended March 31, 2019

Sl No	Type of Restructuring Asset Classification Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total			
		Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Standard	Sub- standard	Doubtful	Loss	Total	Total
	Restructured accounts as on 1st April, 2019 (Opening figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Write-offs of restructured accounts during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Restructured accounts as on 31st Mar. 2019 (Closing figures)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note :

*includes recovery made during the year from the Sub-standard restructure accounts.

**includes recovery made during the year from the standard restructure accounts.



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

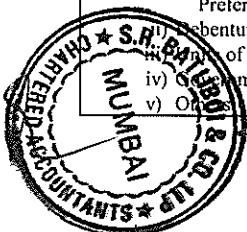
(Currency: Indian rupees in million)

54.W Schedule to the Balance Sheet

As required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

	As at March 31, 2020		As at March 31, 2019	
	Amount outstanding	Amount Overdue	Amount outstanding	Amount Overdue
1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid :				
a) Debentures (other than those falling within the meaning of Public deposit)				
i) Secured	76,213.00	-	88,339.09	-
ii) Unsecured	19,931.22	-	20,900.75	-
b) Deferred Credits	-	-	-	-
c) Term Loans (Bank and Other parties)	62,872.62	-	84,954.07	-
d) Inter-corporate loans and borrowing	-	-	-	-
e) Commercial Paper	1,236.33	-	5,626.60	-
f) Public Deposits	-	-	-	-
g) Other Loans (specify nature)				
i) Working Capital Demand Loan	8,309.04	-	2,900.00	-
ii) Bank Overdraft	14,166.77	-	22,322.04	-
iii) CBLO Borrowings	7,752.70	-	2,097.03	-
iv) Loan from related parties	76.32	-	1,014.31	-

	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
2. Break up of Loans and Advances including bills receivables		
i) Secured	1,16,575.75	2,18,759.95
ii) Unsecured	19,741.45	25,325.48
3. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	NA	NA
a) Lease assets including lease rentals under sundry debtors:		
i) Financial Lease	-	-
ii) Operating Lease	-	-
b) Stock on hire including hire charges under sundry debtors		
i) Assets on hire	-	-
ii) Repossessed assets	-	-
c) Other loans counting towards Asset Financing Company activities		
i) Loans where assets have been repossessed	-	-
ii) Other loans	-	-
4. Break up of Investments (including securities held for trading)		
a) Current Investment - Quoted		
i) Shares		
Equity	12.28	724.60
Preference Shares	-	-
ii) Debentures and Bonds	162.49	298.18
iii) Units of Mutual Funds	5,973.66	3,483.09
iv) Government Securities	7,462.92	13,873.50
v) Others	-	-
a) Current Investment - Unquoted		
i) Shares		
Equity	-	-
Preference Shares	-	-
Debentures and Bonds	-	-
Units of Mutual Funds	0.43	0.43
iv) Government Securities	-	-
v) Others	-	-



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

54.W Schedule to the Balance Sheet

As required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
4. Break up of Investments (including securities held for trading) (Contd.)		
a) Long term Investment - Quoted		
i) Shares		
Equity	-	-
Preference Shares	-	-
ii) Debentures and Bonds	-	-
iii) Units of Mutual Funds	-	-
iv) Government Securities	-	-
v) Others	-	-
a) Long term Investment - Unquoted		
i) Shares		
Equity	-	-
Preference Shares	728.30	711.13
ii) Debentures and Bonds	-	-
iii) Units of Mutual Funds	-	-
iv) Government Securities	-	-
v) Others	-	-
- Investments in security receipts of trusts	44,124.98	9,899.83
- Investment in Units of AIF	4,893.99	139.41

5. Borrower group-wise classification of assets financed as in (2) and (3) above as at March 31, 2020

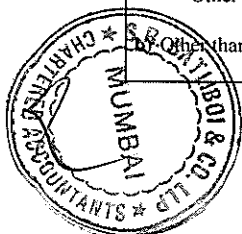
	Amount net of provisions		
	Secured	Unsecured	Total
a) Related Parties			
Subsidiaries	-	-	-
Companies in the same group	-	1,633.65	1,633.65
b) Other than related parties	1,09,869.30	16,681.45	1,26,550.75

Borrower group-wise classification of assets financed as in (2) and (3) above as at March 31, 2019

	Amount net of provisions		
	Secured	Unsecured	Total
a) Related Parties			
Subsidiaries	-	-	-
Companies in the same group	-	-	-
b) Other than related parties	2,12,998.72	24,968.02	2,37,966.74

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

	As at March 31, 2020		As at March 31, 2019	
	Market Value/ Fair Value	Book Value (Net of provision)	Market Value/ Fair Value	Book Value (Net of provision)
a) Related Parties				
Subsidiaries	-	-	-	-
Companies in the same group	821.63	821.63	711.13	711.13
Other related parties	-	-	-	-
b) Other than related parties	62,537.42	62,537.42	28,419.04	28,419.04



ECL Finance Limited

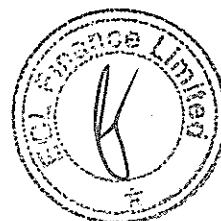
Notes to the financial statement for the year ended March 31, 2020

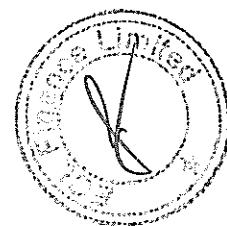
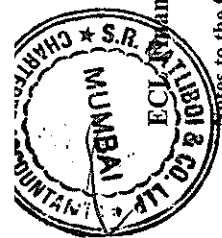
(Currency: Indian rupees in million)

54.W Schedule to the Balance Sheet

As required in terms of paragraph 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 as amended.

	Amount Outstanding	
	As at March 31, 2020	As at March 31, 2019
7. Other Information		
a) Stage 3 assets		
i) Related Parties	-	-
ii) Other than related parties	5,128.47	5,687.55
b) Stage 3 assets net of stage 3 provision		
i) Related Parties	-	-
ii) Other than related parties	4,434.09	2,328.83
c) Assets acquired in satisfaction of debt	-	-





Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

54.X Prudential Floor for ECL

As required in terms of paragraph 2 of circular RBI/2019-20/170 DOR (NBFC), CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 - Non-Banking Financial Company - Implementation of Indian Accounting Standards.

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
A	B	C	D	E = C - D	F	G = D - F
Performing Assets						
Standard	Stage 1 Stage 2	84,955.30 46,233.43	1,550.02 5,888.40	83,405.28 40,345.03	339.82 201.54	1,210.20 5,686.86
Total Performing Assets		1,31,188.73	7,438.42	1,23,750.31	541.36	6,897.06
Non Performing Assets (NPA)						
Substandard	Stage 3	4,942.66	675.78	4,266.88	494.27	181.51
Doubtful - up to 1 year	Stage 3	176.59	17.68	158.91	35.32	-17.64
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	9.22	0.92	8.30	4.61	-3.69
Total Doubtful						
Loss Assets	Stage 3	-	-	-	-	-
Total Non Performing Assets (NPA)		5,128.47	694.38	4,434.09	534.20	160.18
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under IRACP	Stage 1 Stage 2 Stage 3	- - -	- - -	- - -	- - -	- - -
Subtotal		-	-	-	-	-
Total	Stage 1 Stage 2 Stage 3	84,955.30 46,233.43 5,128.47	1,550.02 5,888.40 694.38	83,405.28 40,345.03 4,434.09	339.82 201.54 534.20	1,210.20 5,686.86 160.18
Total Loan Book		1,36,317.20	8,132.80	1,28,184.40	1,075.56	7,057.24

(Currency: Indian rupees in million)

54.Y Disclosure on liquidity risk

As required in terms of paragraph 3 of RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

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

	As at March 31, 2020
Number of significant counterparties*	20.00
Amount of borrowings from significant counterparties	1,30,851.94
% of Total deposits	NA
% of Total liabilities**	62.66%

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

** "Total liabilities " refers to the aggregate of financial liabilities and non-financial liabilities.

b) Top 20 large deposits

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

c) Top 10 Borrowings

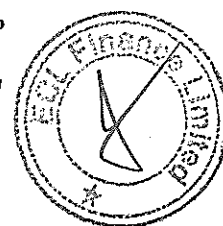
	As at March 31, 2020
Amount of Borrowings from top 10 lenders	1,00,205.57
% of Total Borrowings	49.71%

d) Funding Concentration based on significant instrument/product*

	As at March 31, 2020	
	Amount	% of Total Liabilities**
Debentures		
Non Convertible	96,144.22	46.04%
Compulsory Convertible	11,040.56	5.29%
Bank Borrowings		
Term Loans	62,872.61	30.11%
Cash Credit Lines	14,118.27	6.76%
Working Capital Demand Loan	8,309.04	3.98%
Other Borrowings		
TriParty Repo	7,752.70	3.71%

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

** "Total liabilities " refers to the aggregate of financial liabilities and non-financial liabilities.



Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

54.Y Disclosure on liquidity risk

As required in terms of paragraph 3 of RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

e) Stock Ratios

	As at March 31, 2020
Commercial papers as a % of total public funds	0.61%
Commercial papers as a % of total liabilities	0.59%
Commercial papers as a % of total assets	0.53%
Non-convertible debentures as a % of total public funds	NA
Non-convertible debentures as a % of total liabilities	NA
Non-convertible debentures as a % of total assets	NA
Other short-term liabilities, if any as a % of total public funds*	15.03%
Other short-term liabilities, if any as a % of total liabilities**	14.51%
Other short-term liabilities, if any as a % of total assets	12.97%

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

** "Total liabilities " refers to the aggregate of financial liabilities and non-financial liabilities.

f) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee and the Risk Management Committee.

The Asset Liability Management Committee, inter alia

Implement and administer guidelines on Asset-Liability Management approved by the Board and its revision, if any

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

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

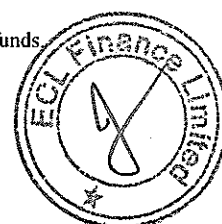
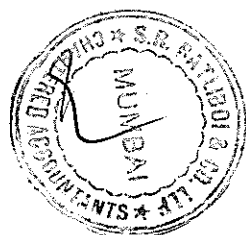
Ensure that the credit and investment exposure to any party / Company / group of parties or companies does not exceed the internally set limits as well as statutory limits as prescribed by Reserve Bank of India from time to time.

Company has a Liquidity Contingency Policy in place to ensure various liquidity parameters are defined and tracked regularly.

Liquidity Management Team is provided with update on expected liquidity shortfalls in Normal as well as Stress scenario.

the Company has ensured maintenance of a Liquidity Cushion in the form of Investments in Government Securities and Mutual Funds. These assets carry minimal credit risk and can be liquidated in a very short period of time. A liquidity cushion amounting to 6-9% of the borrowings is sought to be maintained through such assets. These would be to take care of immediate obligations while continuing to honour our commitments as a going concern.

There are available lines of credit from banks which are drawable on notice which further augment the available sources of funds.



Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

54.Z Covid-19 pandemic

The Covid-19 pandemic outbreak across the world including India has resulted in most countries announcing lockdowns and quarantine measures that have sharply stalled economic activity. The Indian Government too has imposed lockdowns starting from March 24, 2020. The Indian economy would be impacted by this pandemic and the resultant lockdown, due to the contraction in industrial and services output across small and large businesses. The impact of the COVID -19 pandemic on the Company's results, including credit quality and provisions, remains uncertain and dependent on the current and further spread of COVID -19, steps taken by the government and the RBI to mitigate the economic impact and also the time it takes for economic activities to resume and reach the normal levels

In accordance with the regulatory package announced by the Reserve Bank of India (RBI) on March 27, 2020 and April 17, 2020 the Company has granted a moratorium of 3 months and extended the same for a further period of 3 months in accordance with the announcement by the RBI on May 22, 2020 for the payment of all instalments falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers that have opted to avail the same. In respect of accounts overdue but standard as at February 29, 2020 where moratorium benefit has been granted, the staging for the accounts is based on staging existing as at that date. As per the assessment done by the Company, this staging standstill has not been on its own considered to be triggering any substantial increase in credit risk. Based on the assessment of the Company, in the absence of other credit risk indicators, the granting of the moratorium does not itself result in accounts becoming past due and triggering Stage 2 and Stage 3 classification criteria.

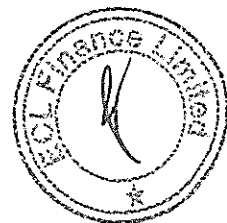
The Company has assessed the impact of the COVID-19 pandemic on its liquidity and ability to repay its obligations as and when they are due. Management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFC, Company's lenders to seek/extend moratorium and various other financial support from other banks, agencies and its parent entity in determining the Company's liquidity position over the next 12 months. Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future. The Company would continue to focus on maintaining adequate capital and ensuring liquidity during current period and for the period going forward.

In assessing the recoverability of loans, receivables, intangible assets, deferred tax assets and investments, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports up to the date of approval of these financial statements. The Company has also considered the impact of COVID -19 pandemic while estimating the recoverability during the year ended March 31, 2020. Since the situation is rapidly evolving, its effect on the operations of the Company may be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor material changes in markets and future economic conditions.

a) Disclosure on moratorium

As required pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020 SMA/overdue categories, where the moratorium/deferment was extended

	As at March 31, 2020
Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended,	9,433.52
Respective amount where asset classification benefits is extended.	332.01
Provisions made during the Q4FY2020	16.60



ECL Finance Limited

Notes to the financial statement for the year ended March 31, 2020

(Currency: Indian rupees in million)

55. Other Disclosures

55.A Initial Disclosure under SEBI circular SEBI/HO/DDHS/CIR/P/2018/144 on Large corporates

Particulars	Details
Name of the Company	ECL Finance Limited
CIN	U65990MH2005PLC154854
Outstanding borrowing of company as on 31st March 2020	Rs. 200,776.86 millions
Highest Credit Rating During the previous FY along name of the Credit Rating Agency	CRISIL AA/ Stable, ICRA AA, BWR AA+, ACUITE AA + /Stable
Name of Stock Exchange# in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	BSE Limited

we confirm that we are a large Corporate as per the applicability criteria given under the SEBI circular SEBI / HO/ DDHS / CIR/ P / 2018 /144 dated November 26, 2018.

55.B Details of incremental borrowings during the year ended March 31, 2020

Particulars	Details
Incremental borrowing done in FY (a)	17,967.50
Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	4,491.88
Actual borrowings done through debt securities in FY (c)	7,967.50
Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c) {If the calculated value is zero or negative, write "nil"}	Nil
Reasons for short fall, if any, in mandatory borrowings through debt securities	NA

55.C The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

55.D There are no amount due and outstanding to be credited to Investor Education and Protection Fund as at March 31, 2020.

The accompanying notes are an integral part of the financial statements
As per our report of even date attached.

For S. R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firms Registration Number: 301003E/E300005

per Shrawan Jalan
Partner
Membership No: 102102

For and on behalf of the Board of Directors

Deepak Mittal
Managing Director & CEO
DIN : 00010337

Sarju Simaria
Chief Financial officer

Vidya Shah
Executive Director
DIN : 00274831

Archibald Serrao
Company Secretary

Mumbai July 4, 2020

Mumbai July 4, 2020