WINRO COMMERCIAL (INDIA) LIMITED

CIN: L51226MH1983PLC165499

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EXPECTED CREDIT LOSSES POLICY

(Effective from 30.01.2019)
(Reviewed On 12.08.2022)

In line with the RBI's requirement for the Board of Directors to approve sound methodologies for computation of Expected Credit Losses (ECL), that address policies, procedures and controls for assessing and measuring credit risk on all lending exposures, commensurate with the size, complexity and risk profile specific to the NBFC, the Company has formulated this ECL policy.

This policy will be reviewed at least annually or more frequently if required and approved as per the usual review process applicable. The review would incorporate changes in regulatory guidelines on ECL, new methodologies in the area of ECL, due to changes in the Company's business, changes in the organisation structure or as required.

Company is mainly engaged in Investment in Shares and Securities. Company also engaged in short term lending facilities in the forms of revolving Loan facilities and short term Loan, where tenure of Loan is 12 months of less. Considering the same company has decided to implement ECL as follows: -

- **Measurement of expected credit loss**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive).

- **Assets which are subject to ECL: -**

(a) Cash and cash equivalent
(b) Bank balance other than (a) above
(c) Loans and Advances
(d) Trade receivables
(e) Investment in unlisted securities
(f) Other financial assets

- **Asset Classification and Provisioning**

Loan asset classification and requisite provision made under RBI prudential norms, as applicable to company, are given below:

Particulars	**Criteria**	**Provision**
Standard asset	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.	0.40% of the outstanding loan portfolio of standard assets
Sub-standard assets	An asset for which, interest/principal payment has remained overdue for more than 3 months and less than 12 months.	10% of the outstanding loan portfolio of sub-standard assets
Loss assets	An asset for which, interest/principal	100% of the outstanding loan

	payment has remained overdue for a period of 12 months or more	portfolio of loss assets.

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument is subject to 12-month ECL (12m ECL) or life time ECL (LTECL), the Company assesses whether there has been a significant increase in credit risk or the asset has become credit impaired since initial recognition. The Company will apply following quantitative and qualitative criteria to assess whether there is significant increase in credit risk or the credit quality of the asset has impaired:

(a) Historical trend of collection from counterparty;
(b) Company's contractual rights with respect to recovery of dues from counterparty;
(c) Credit rating of counterparty and any relevant information available in public domain;

After applying above criteria, Management will decide to make minimum ECL provision. However, if the ECL provisioning calculated based of above criteria is lesser than provisioning required by RBI prudential norms (as given in above table) then company will make provision as per RBI rates & if ECL provisioning required as per above criteria is higher than RBI rates then higher provisioning as per above criteria will be made. So, in all the cases provision made by the company will be equal to or at higher than RBI required rates.

Company shall provide a comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 by way of disclosure in the notes to their financial statements to provide a benchmark to their Boards, RBI supervisors and other stakeholders, on the adequacy of provisioning for credit losses.