

GAUDIUM IVF AND WOMEN HEALTH LIMITED

EXPECTED CREDIT LOSS (ECL) POLICY

**Approved by the Board of Directors at their meeting held on August 02, 2025*

Expected Credit Loss (ECL) Policy

1. Objective

The objective of this policy is to establish a structured framework for assessment, measurement, and recognition of impairment of financial assets using the Expected Credit Loss (ECL) model, in line with Ind AS 109.

This policy ensures:

- A consistent, unbiased, and forward-looking approach to recognizing credit losses on a timely basis.
- Compliance with disclosure requirements under Ind AS 107 and Schedule III of the Companies Act, 2013.

2. Scope

This policy applies to all financial assets of the Company that are subject to impairment under Ind AS 109, including but not limited to:

- Trade receivables
- Loans and advances
- Other receivables and deposits
- Contract assets, if any

3. Policy Statement

Impairment shall be recognized based on the Expected Credit Loss model, as follows:

- For financial assets other than trade receivables:
 - 12-month ECL: If there has been no significant increase in credit risk since initial recognition.
 - Lifetime ECL: If there has been a significant increase in credit risk.
- For trade receivables:
 - The Company shall apply the simplified approach and always recognize lifetime ECL, using a provision matrix based on historical default experience and forward-looking information.

4. Trade Receivables – Simplified Approach

Provision Matrix

The Company uses a provision matrix as a practical expedient to measure lifetime ECL on trade receivables.

The matrix is built considering:

- Historical credit loss experience (at least 3 preceding years)
- Adjustments for current macroeconomic conditions
- Forward-looking factors affecting customer segments

Category	Outstanding Age	ECL Rate
A	0 – 1 year	0%
B	1 – 2 years	2%
C	2 – 3 years	5%
D	3 – 4 years	10%
E	More than 4 years	100% (considered bad debts)

- The provision matrix is reviewed quarterly.
- Data is recalibrated periodically to ensure its relevance and accuracy.

5. Other Financial Assets

For loans, deposits, and other receivables:

- Credit risk is assessed at each reporting date.
- If the counterparty is investment grade, government-owned, or low risk, the ECL is assessed as immaterial or nil.
- Otherwise, an appropriate loss allowance is recognized based on forward-looking information and probability of default.

6. Review and Reassessment

- This policy shall be reviewed at least annually, or earlier in case of significant changes in external or internal risk factors.
- The provision matrix and assumptions (default rates, macro-overlays) will be revalidated periodically.

7. Disclosure and Documentation

The Company will:

- Disclose ECL methodology, key assumptions, movement in provisions, and credit risk management practices in the financial statements as per Ind AS 107.
- Maintain adequate documentation to support judgments, assumptions, and workings used for ECL calculations.