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2017

27th ANNUAL REPORT

ELECTRONICA FINANCE LTD. |
Year - 2016 - 17 |



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SCALING NEW HEIGHTS



CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Shrikant Pophale	Chairman & Executive Director
2. Ms. Shilpa Pophale	Managing Director
3. Mrs. Mugdha Kaskhediker	Additional Director (Co-opted w.e.f. 26th October, 2016)
4. Mr. Thallapaka Venkateswara Rao	Independent Director
5. Mr. Milind Limaye	Additional Director (Independent) (Co-opted w.e.f. 27th March, 2017)
6. Mr. Venkatesh Srinivasan	Independent Director
7. Dr. (Mrs.) Priya Dharmadhikari	Director (Resigned w.e.f. 26th October, 2016)
8. Mr. Rahul Rathi	Independent Director (Resigned w.e.f. 17th August, 2016)
9. Mr. Shriram Gogate	Professional Director (Vacation of office w.e.f. 3rd April, 2017 due to death)
10. Mr. P. Vijaya Bhaskar	Additional Director (Independent) (Resigned w.e.f. 18th March, 2017)

CHIEF EXECUTIVE OFFICER

Mr. Sanjiv Roy

CHIEF FINANCIAL OFFICER

Mr. Sudeep Bhatia (Co-opted w.e.f. 12th May, 2017)

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Khwahish Rawal (Co-opted w.e.f. 26th October, 2016)

STATUTORY AUDITORS

M/S M. P. CHITALE & CO.
 CHARTERED ACCOUNTANTS,
 417/1, NARAYAN PETH,
 PUNE - 411 030

OUR FINANCERS

- ▶ Axis Bank Limited
- ▶ Aditya Birla Finance Limited
- ▶ Bank of India
- ▶ Bank of Maharashtra
- ▶ Bajaj Finance Limited
- ▶ Catholic Syrian Bank
- ▶ DCB Bank Limited
- ▶ Hinduja Leyland Finance Limited
- ▶ HDFC Bank Limited
- ▶ ICICI Bank Limited
- ▶ IDBI Bank Limited
- ▶ Indian Bank
- ▶ IFMR Capital Finance Pvt. Ltd.
- ▶ Kotak Mahindra Bank Limited
- ▶ Maharashtra Gramin Bank
- ▶ Mahindra and Mahindra Financial Services Limited
- ▶ Nabsamruddhi Finance Limited
- ▶ RBL Bank Limited
- ▶ State Bank of India
- ▶ Saraswat Co-Operative Bank Limited
- ▶ Syndicate Bank
- ▶ SIDBI
- ▶ The South Indian Bank Limited
- ▶ Symbiotics
- ▶ State Bank of Mauritius Limited
- ▶ Tata Capital Financial Services Limited
- ▶ Vijaya Bank

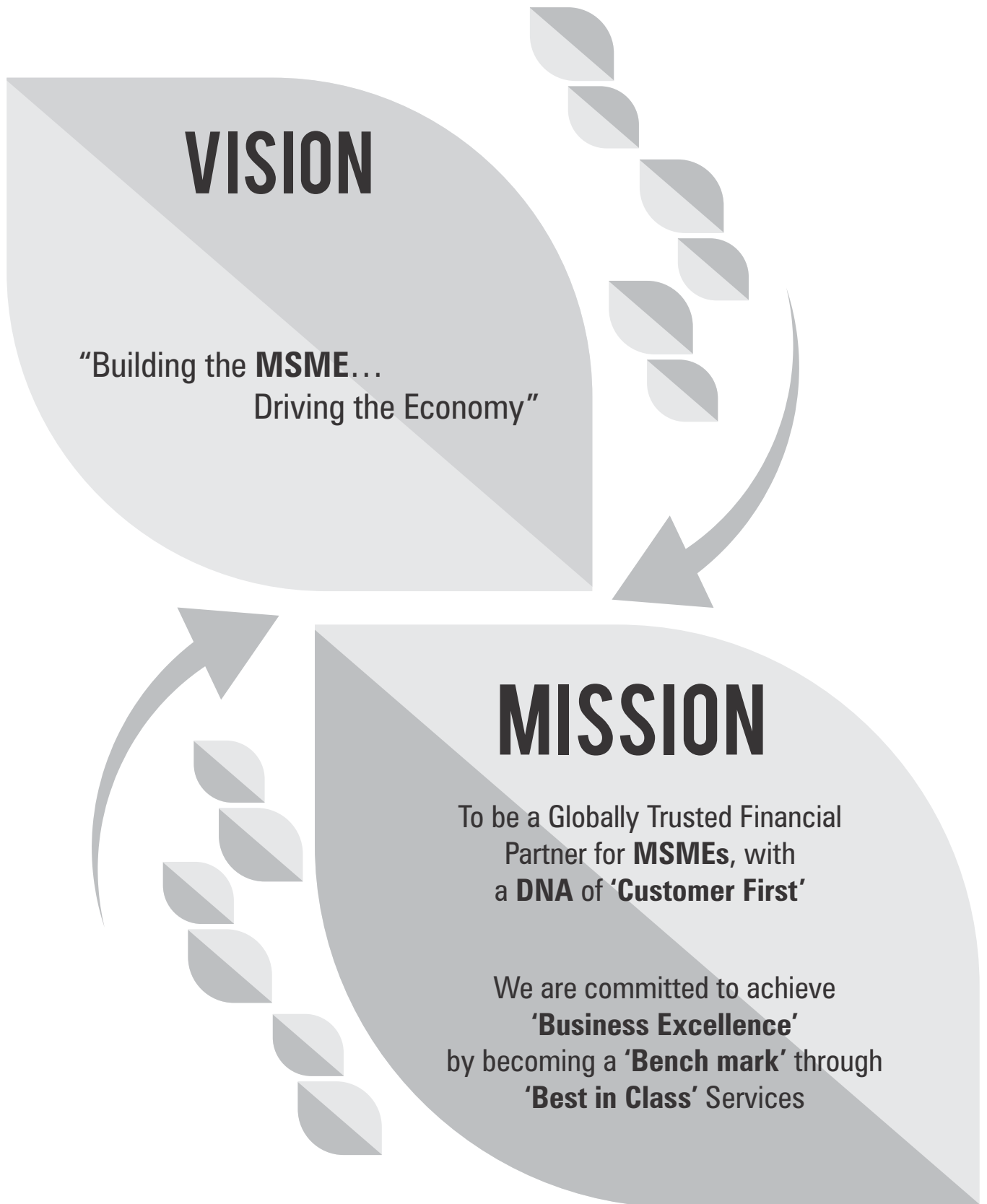
OFFICE ADDRESS

Electronica Finance Limited

Regd Office : 128/A, Plot No. 3, Kailashchandra Apartment, Paud Road,

Kothrud, Pune 411038 (INDIA) | **Email :** mkt@efl.co.in | **www.efl.co.in** | **(O) :** +91-20-25459716-9

Corporate Identification Number of EFL : U65910PN1990PLC057017





VALUE



PERFORMANCE

We will maximize individuals' as well as company's potential to deliver results consistently



INTEGRITY

We will be honest, transparent and accountable to all our stake holders



CUSTOMER SERVICE

We will ensure that all our actions are taken keeping customers in focus



RESPECT

We will treat individuals with fairness and dignity



QUALITY

We will ensure excellence in process, people and technology to achieve sustainable growth



LETTER FROM THE MANAGING DIRECTOR

Dear Shareholders,

It gives me immense pleasure to share with you the highlights of our Company's performance in 2016-17. I would like to thank you for all the trust bestowed upon us throughout our journey & look forward to your continued support in the years to come.

Despite the second half of FY17 being challenging part of the year for most of us associated with the Manufacturing Sector due to demonetization, the EFL team still came out stronger year & delivered a 27% YOY growth in fresh disbursements and 23% growth in AUM for the year. The efforts of the company have also led to the overall AUM cross ₹1000 Cr mark despite several macro economic changes.

The manufacturing sector continues to face liquidity challenges but our company remains committed to empower the dreams of the MSMEs. Some of our major agenda from last year would be to continue the focus on tightening our internal credit norms & strengthen the legal department to mitigate the risk in quality of portfolio.

With full bouquet of financial products for the MSMEs, including Working Capital Term Loans (WCTL), Working Capital Demand Loan (WCDL), Industrial Property loan (IPL) & Bill Discounting in addition to our flagship product of Machinery Loan in our offerings, we have come several steps closer to realizing our mission of being the trusted partner of MSMEs in their overall growth. With the expansion of our product portfolio, it is apparent that the company processes, decision making & execution move to a higher notch. Keeping the same in mind, in this era of technology, we intend to take special steps in FY18 to bring about Digitization in all our business processes.

Moving forward, even though it is estimated that growth of Asset Finance companies may encounter slower pace in short-to-medium term due to demonetization measures, we as the company have set our sights on even bigger growth aspirations in FY18 through our varied range of customized products and services. We hope for an even heightened level of engagement with our Lenders, Suppliers, Customers & other stake holders such that we can make FY18 a path-breaking success.

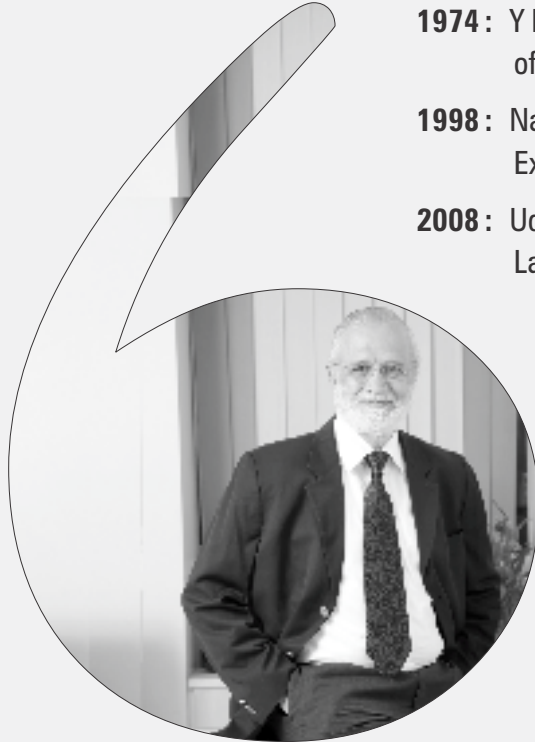
In the new financial year, in addition to our existing product bouquet catering to the MSMEs from manufacturing sector, we plan to introduce more products for customers in service industry also. Despite the market slow down due to various external factors, our company did a fabulous job in FY17 & will continue to strengthen its market share across categories with our customer in focus.

Shilpa Pophale

Managing Director



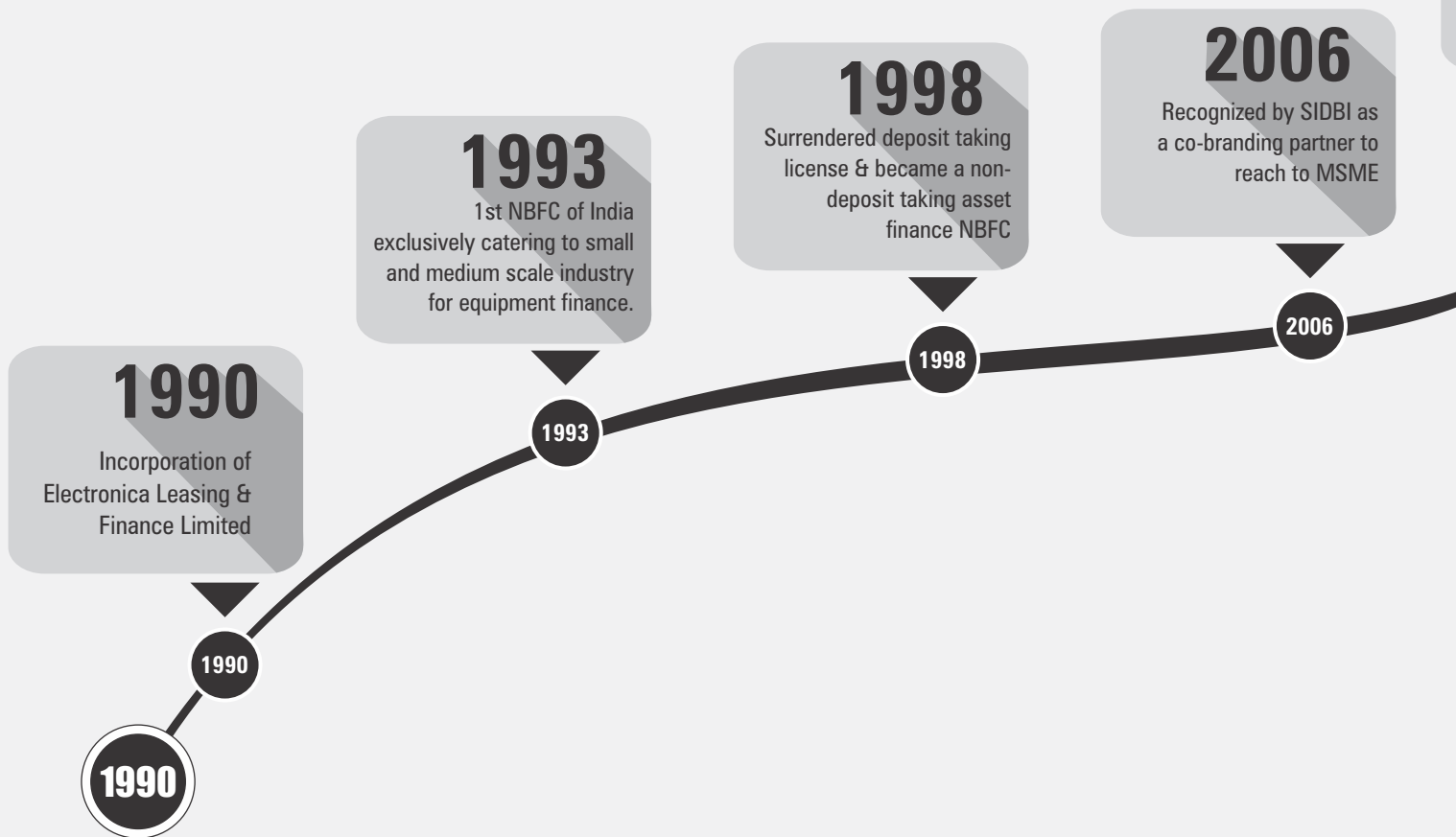
JOURNEY SO FAR

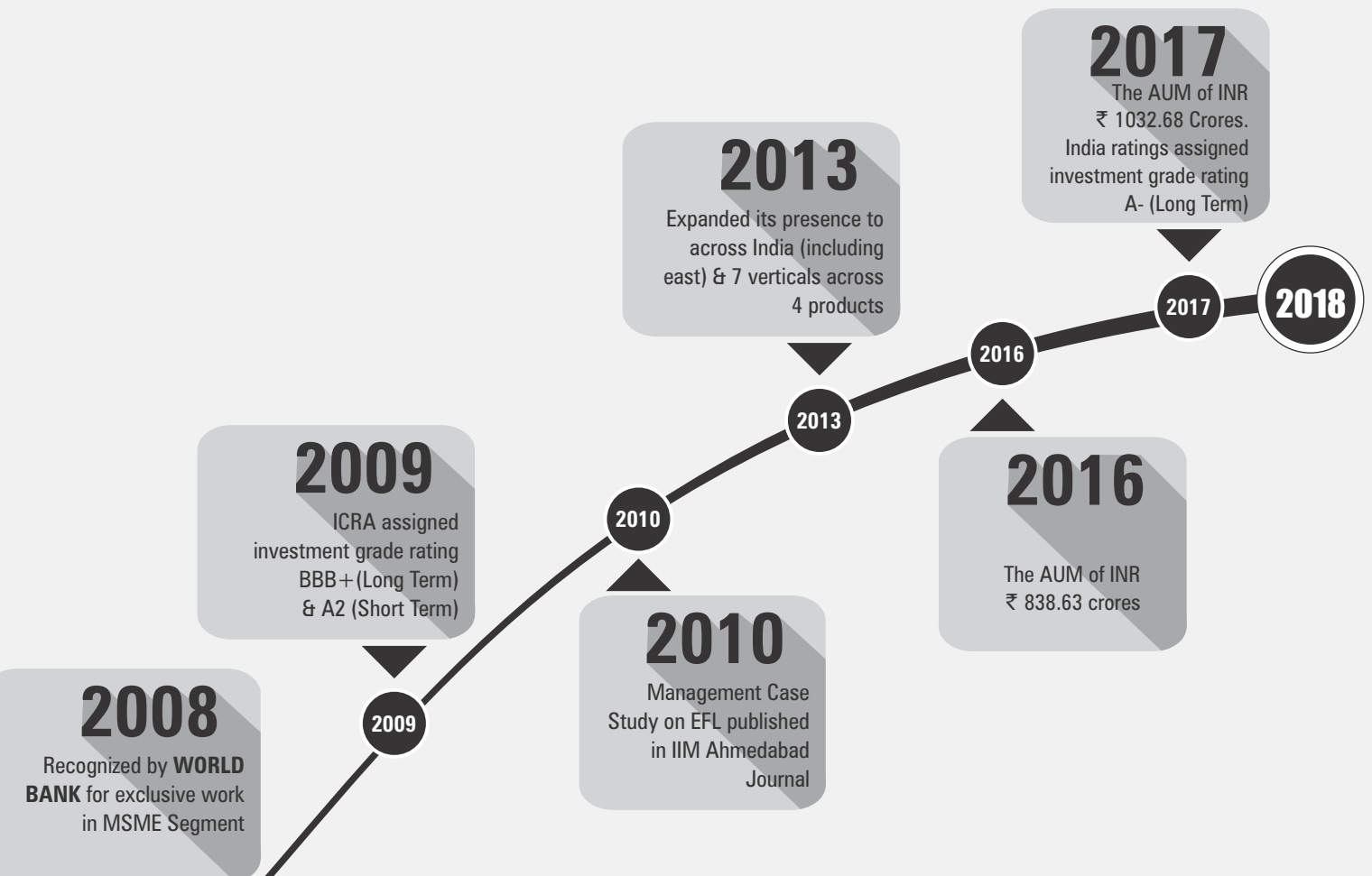


1974: Y R Bhide Prize and Parkhi Memorial Prize for development of Spark Erosion Machine

1998: National Award - Star Performer of the year for Export Excellence

2008: Udyog Ratna Award, STICE, Sinnar, Nashik - Category of Large Group of Industries



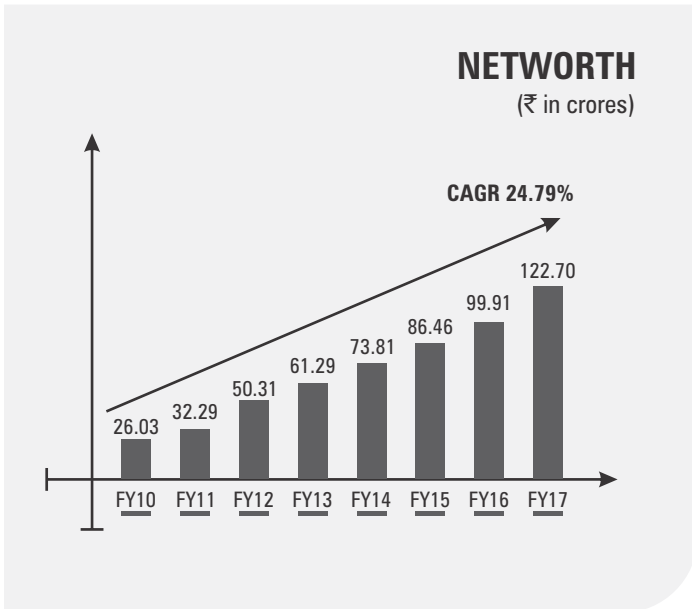
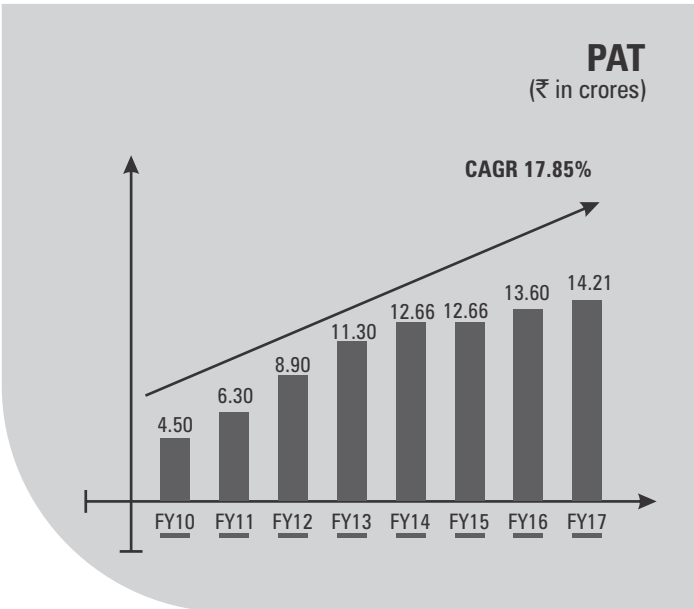
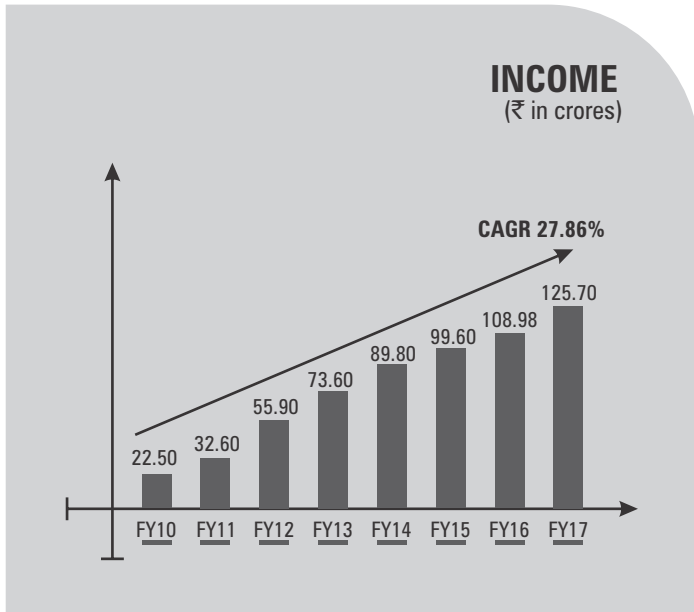
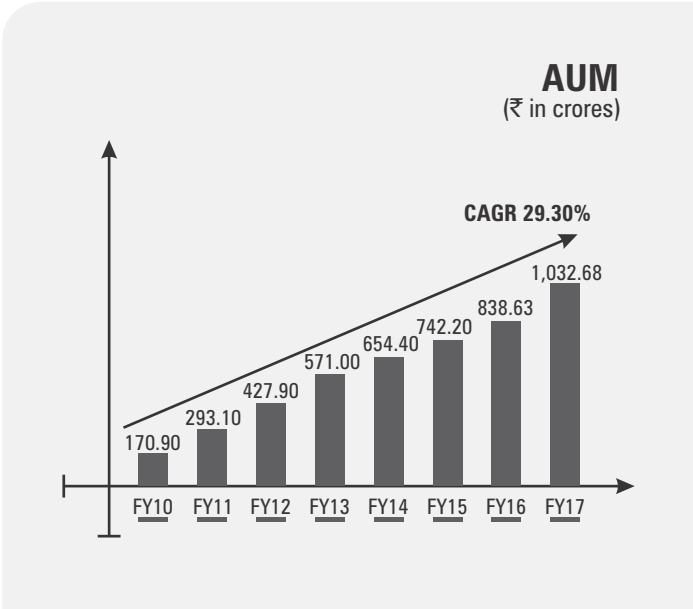


- 2006 - 08** : Two Year Leadership Development Program from Harvard Business School, USA
- 2014** : Women Entrepreneur of the year, World Women Leadership Congress
- 2014** : CII HIDA Training program on empowerment for women leaders in INDIA (INWL), Japan
- 2015** : Key Speaker - National Summit on Small Business Financing through Mudra Bank (ASSOCHAM)
- 2017** : "Best NBFC for Promotional Scheme Awards"
- : "Quality Brand India Award"
- : "National Industrial Excellence Award"





SNAPSHOT OF COMPANY PERFORMANCE





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DIRECTORS' REPORT

TO THE MEMBERS OF ELECTRONICA FINANCE LIMITED

The Directors have pleasure in presenting the 27th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2017.

1. BACKGROUND

Electronica Finance Limited was incorporated on June 26, 1990. The Company is systematically important non deposit taking Non-Banking Financial Company (NBFC-NDSI) registered with the Reserve Bank of India.

2. ECONOMY & INDUSTRY OVERVIEW

India has become the sixth largest manufacturing country in the world, rising up from the previous ninth position, and thus retaining its bright spot in the world economic landscape. Post the demonetization announcement, the pace of remonetisation has picked up, and it is expected that the effects of demonetisation will not spill over into the next financial year.

Recognizing the strength of Indian economic fundamentals, the IMF expects the impact of demonetization to fade away gradually, as it pegs the 2017-18 growth at 7.2%, overtaking China again by a good 0.7 percentage points. The World Bank, however, is more optimistic and has projected a GDP growth of 7% in 2016-17, 7.6% in 2017-18 and 7.8% in 2018-19.

It may also be noted that the world economic growth for 2016, at an estimated 3.1%, is the weakest growth since 2008-09. This is owed largely to the turbulence in the world financial market in the first half of 2016 due to major setbacks such as Brexit, China's slowdown, low oil prices and overall weakness in the economies of Japan, US and Europe.

Clearly, what makes India resilient to global flurries, to a great extent, is its rock-solid domestic demand, accounting for about 60% of the GDP. This figure is 37% for China, and this has led the Chinese economy's restructuring and re-balancing to rely less on exports and investment and more on consumption demand.

MSME Sector

The small and medium enterprises are the spine of economic development in any country and more so in India with a huge population to be served. Micro Small and Medium Enterprises (MSMEs) in India have seen exponential growth over the last decade.

There are approximately 50 million MSMEs in India, exercising frugal management skills and using local resources to create innovative products and services which cater to India's growing needs. These MSMEs contribute more than 45 per cent of India's industrial output, 40 per cent of the country's total exports and create 1.3 million jobs every year. MSMEs demonstrate high demand for finance, particularly debt, to finance their growth. Most lenders prefer traditional-collateral based lending. Formal sources cater to less than one fourth of the total SME debt financing.



DIRECTORS' REPORT

3. FINANCIAL RESULTS

The Company's financial performance for the year under review, along with previous year's figures, is given hereunder

(₹. IN LAKHS)

Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
Income from Operations	12,569.50	10,898.10
Total Expenditure	10,286.39	8,723.04
Profit before tax	2,283.11	2,175.06
Current tax	832.00	850.00
Deferred tax Expenses / (saving)	46.39	(31.04)
Prior Year's tax Expenses / (saving)	(15.98)	(3.93)
Profit after tax	1,420.70	1,360.03
Surplus at the beginning of the accounting period	4,817.85	3,729.83
Appropriations		
Transfer to Statutory Reserve	284.13	272.01
Balance carried forward	5767.26	4,817.85

4. DIVIDEND

Your Directors are pleased to recommend a dividend @7% i.e. ₹ 0.70/-per Equity Share of ₹10/- each for the year ended the 31st March, 2017. This amounts to ₹ 187.16 lakhs (inclusive of Dividend Distribution Tax). A proposal for confirmation of the dividend for the year ended 31st March, 2017 will be placed before the shareholders at the ensuing Annual General Meeting.

5. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

The Company's Directors wish to present the details of business operations done during the year under review:

The growth in disbursements for the first half of the financial year was at 70 % compared to the corresponding first half of the previous year. So the company was poised for substantial growth in the financial year but due to significant impact caused by demonetization policy, the business remained stable in the second half of the financial year.

Despite significant changes in macro-economic environment the disbursements of the company were INR 560 crores in 2016-17 as compared to INR 440 crores in the previous year, resulting in a 27% year-on-year growth. The assets under management of the company crossed INR 1033 crores this year from INR 839 crores in previous year, resulting in a 23% growth over previous year.

New products like Working capital term loan, Working capital demand loans, Unsecured business loans, Industrial property loans contributed to the overall performance of the company.

The company expects substantial contribution from these areas for the current financial year.

Quality of the portfolio

After a decent start at the beginning of the year, entire economy experienced a slowdown due to demonetization. Liquidity became a major challenge in the time period which was felt by all sectors of the economy including the manufacturing sector. Result of which was felt in the regular collection process, gauging this the company monitored the entire collection process closely & thus could achieve collection efficiency which was better than normal.

Though collection have its own challenges, the overall portfolio quality remains reasonably good considering the market situation. Also as per RBI directives, NPA recognition norms changed from '5 months or more' to '4 months or more'. This has not affected the NPA percentage in an adverse way. The GNPA percentage remained at 2.22% for the year under review. Most of the accounts classified as NPA are same since last 2 years and the company has not added any large NPA account since then.



DIRECTORS' REPORT

With strong focus on collections processes especially the cheque realization percentage and renewed effort on chronic NPA accounts with the help of legal actions, your company is confident of achieving the NPA percentage of earlier years and maintaining asset quality which will be a benchmark in the industry.

6. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT.

During the year under review, the Company had issued debentures to meet its funding requirements through a Foreign Portfolio Investor based in Luxembourg

Type of instrument	Non-Convertible Debenture (NCD)
Nature of instrument	Secured, Rated, Transferable, Redeemable
Ranking	Subordinated
Mode of issue	Private Placement
Guarantor	N/A
Subscriber/ Debenture holder	AAV Sarl
Debenture Trustee	Catalyst Trusteeship Ltd.
Long Term Rating (minimum)	[ICRA] BBB+
Issue size	Rs. 52,90,00,000/- (Rupees : Fifty Two Crores Ninety Lakhs only)
Tenor	48 Months
Date of allotment	30th March, 2017

7. RBI DIRECTIVES

The Company does not hold any public deposits as specified in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directives of 31st January, 1998.

8. CAPITAL ADEQUACY

The capital adequacy of the company is 19.32 % as on 31st March 2017 which is above the 15% norm prescribed by Reserve Bank of India (RBI) for NBFC-ND-SI

9. PRUDENTIAL NORMS

The Company is adhering to all the prudential norms, regulations and guidelines prescribed by RBI applicable to NBFCs.

Standard Assets' Provisioning

As per standard asset provisioning as defined in para 14 of the Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016 the Company has made a general provision at 0.35 per cent of INR 2.63 crores on the outstanding standard assets as at 31st March 2017

10. RESERVE FUND

As per section 451C of RBI Act 1934, the Company has transferred Rs. 284.13 Lakh in reserve fund i.e. aggregating of 20% of its net profit



DIRECTORS' REPORT

11. CREDIT RATINGS

The Company has received long term debt rating from India Ratings, a 100% owned subsidiary of Fitch Group. India Ratings has accorded to EFL a Long Term Debt Rating of A- (MINUS) with a stable outlook.

The Company has received long term and short term debt rating from ICRA, an associate of Moody's Investor Services. Company's Long Term Debt Rating is BBB+ Positive and Short Term Debt Rating is A2+. ICRA has reaffirmed investment grade ratings for the fiscal year 2016-17 with stable outlook.

The company has received '[ICRA] BBB+' (pronounced as ICRA triple B plus) rating with positive outlook for the issue of unsecured & secured NCD's.

The Company has received "[ICRA] A2+" (pronounced as ICRA A two plus) rating for the issuance of Commercial Paper ("CP").

The above ratings factor in EFL's 26 years long track record in asset financing business, understanding of the MSME sector, management of risks and recovery, adequate net interest margin and good control over assets quality.

12. SUSTAINABILITY INITIATIVES

The company will continue to follow a sustainable business model. It operates in a MSME space where over three fourth is either self-financed or comes from informal sources. With appropriate policy interventions and support to the MSME sector, a considerable part of the currently excluded demand can be made financially viable. By aiding the development of entrepreneurs with a turnover ranging from INR 20 lakhs to INR 10 crores, the Company continues to contribute towards financial inclusion.

13. SHARES - BUY BACK OF SECURITIES, SWEAT EQUITY, BONUS SHARES AND EMPLOYEE STOCK OPTION PLAN

The Company has not bought back any of its securities and has not issued any sweat equity shares or bonus shares during the year under review. Further, the Company has not provided any stock option scheme to the employees.

14. AUDITORS

Statutory Auditors

M/s M. P. Chitale, Chartered Accountants (Firm Registration No. 101851W), the Statutory Auditors of the Company, hold office till the conclusion of the 27th Annual General Meeting of the Company. The Board has recommended the appointment of M/s S. R. Batliboi & Co, Chartered Accountants (Firm Registration No. : 301003E/E300005) as the statutory auditors of the Company in their place, for a term of five consecutive years, from the conclusion of the 27th Annual General Meeting of the Company scheduled to be held in the year 2017 till the conclusion of the 32nd Annual General Meeting to be held in the year 2022, for approval of shareholders of the Company, based on the recommendation of the Audit Committee.

Internal Auditors

Your Directors, during the year under review, appointed M/s. G. D. Apte., Chartered Accountants (Firm Registration No. 100515W), to act as the Internal Auditors of the Company for the financial year 2016-17, pursuant to Section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014. The Directors have appointed M/s M. P. Chitale, Chartered Accountants (Firm Registration No. 101851W) as the Internal Auditor of the Company for the financial year 2017-18.

Secretarial Auditor

Your Directors, during the year under review, also appointed Mr. Chandrashekhar Kulkarni, Practising Company Secretary (Membership No. FCS 3342 and CP No. 2792) Proprietor of M/s C V Kulkarni & Co., Company Secretaries, Pune as the Secretarial Auditor of the Company for the financial year 2016-17, pursuant to Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of Secretarial Audit is annexed as **Annexure A**.



15. OTHER STATUTORY DISCLOSURES

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure B** and is attached to this report.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has developed and implemented a detailed Corporate Social Responsibility policy. The policy together with a detailed report on CSR activities of the Company is furnished in **Annexure C** and attached to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The provisions of Section 186 of the Act pertaining to investment and lending activities is not applicable to the Company since the Company is an NBFC.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/ arrangements/ transactions entered into by the Company during the financial year with the related parties are on arm's length basis and in the ordinary course of business. During the financial year, there was no material contracts or arrangements entered into by the Company with any of the related party. Your Directors draw attention of the members to Note 5, Notes forming an integral part of the Financial Statements: part D which contain particulars with respect to related parties.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility statement:-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to 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 and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.



DIRECTORS' REPORT

DIRECTORS & KEY MANAGERIAL PERSONNEL

a) Change in composition of Board of Directors:

Ms. Shilpa Pophale who retired by rotation at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment.

During the year under review, as a result of Pre-occupation and other commitments Mr. Rahul Rathi resigned from the post of Independent Director w.e.f. 17th August, 2016. The Company expresses its appreciation for the assistance and guidance provided by Mr. Rahul Rathi during his tenure as the director of the company.

During the year under review, as a result of Pre-occupation and other commitments Dr. (Mrs.) Priya Dharmadhikari resigned from the post of Executive Director w.e.f. 26th October, 2016. The Company expresses its appreciation for the assistance and guidance provided by Dr. (Mrs.) Priya Dharmadhikari during her tenure as the director of the company.

During the year under review, as a result of Pre-occupation and other commitments Mr. P. Vijaya Bhaskar resigned from the post of Additional Director (Independent) w.e.f. 18th March, 2017 who was appointed as Additional Director (Independent) by the Board at their Meeting held on 26th October, 2016. The Company expresses its appreciation for the assistance and guidance provided by Mr. P. Vijaya Bhaskar during his tenure as the director of the company.

Further Mr. Shriram Gogate, Professional Director of the Company expired on 3rd April, 2017. The Board while condoling the death of Mr. Shriram Gogate, records appreciation of services rendered by him.

During the year under review, The Board of directors of the Company has appointed Mrs. Mugdha Kaskhediker as Additional Director (Whole Time) of the Company. In accordance with Section 161 of Companies Act, 2013, she will hold the office of Director up to the date of ensuing Annual General Meeting. The Company has received a requisite notice from a member proposing her candidature for the office of Director. The resolution seeking approval of members for the appointment of Mrs. Mugdha Kaskhediker as Whole Time Director of the Company w.e.f. 26th October, 2016 for the term of 3 years, has been incorporated in notice of the forthcoming Annual General Meeting of the Company.

In compliance with Section 149 of the Companies Act, 2013 The Board of directors of the Company has appointed Mr. Milind Limaye as Additional Director of the Company in the capacity of 'Non-Executive Independent Director' w.e. f. 27th March, 2017. In accordance with Section 161 of Companies Act, 2013, he will hold the office of Director up to the date of ensuing Annual General Meeting. The Board recommends the appointment of Mr. Milind Limaye in ensuing Annual General Meeting. The resolution seeking approval of members for the appointment of Mr. Milind Limaye for the term of 5 years, has been incorporated in notice of the forthcoming Annual General Meeting of the Company.

b) Change in Key Managerial Personnel:

During the year under review, Mr. Ganesh Gopalan resigned from the post of Company Secretary & Compliance Officer w.e.f. 31st August, 2016. Further Ms. Khwahish Rawal was appointed as a Company Secretary & Compliance officer of the Company w.e.f. 26th October, 2016.

Further the company has Appointed Mr. Sudeep Bhatia as a Chief Financial Officer of the Company w.e.f. 12th May, 2017.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received declaration from all independent Directors of the Company confirming that they fulfil the criteria as prescribed under Section 149 (6) of the Companies Act, 2013.

POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes,



independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in **Annexure D** and is attached to this report.

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are more specifically covered under MGT-9 (Extract of Annual return) separately.

VIGIL MECHANISM

Pursuant to Section 177(9) and (10) of the Companies Act, 2013, the company has established Vigil Mechanism to deal with instances of fraud, unethical behavior, mismanagement etc. for the employees of the company to report to the Chairman of the Audit Committee any instances of actual or suspected fraud, unethical behavior, mismanagement. No person has been denied access to the Audit Committee in this regard.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors are furnished in MGT-9 Extract of Annual Return.

The particulars of employees pursuant to Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished in **Annexure E** and attached to this report

ANNUAL RETURN

The extracts of annual return in Form MGT-9 pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure F** and is attached to this Report.

CORPORATE GOVERNANCE

A detailed discussion on the governance practices is presented in the chapter on Corporate Governance, which forms part of this Annual Report.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Flourishing amidst a challenging environment, the Small and Medium Enterprises (SMEs) of India experienced several highs and lows in the past few years. With the Indian economy expected to emerge as one of the leading economies in the world and likely to become a \$5 trillion economy by 2025, major impetus is being given to strengthen the backbone of our economy - the MSME sector. Comprehending the significance of the SME sector vis-a-vis lending numbers to the job market, contribution to GDP and fostering entrepreneurship and innovation, numerous initiatives by our current government have been the highpoints.

OPPORTUNITIES AND THREATS

Opportunities

1. Expansion in New Geographies – With presently catering to 35 locations across India, Electronica Finance Limited (hereinafter referred to as EFL) see the opportunity to expand its footprint to other potential locations in India.
2. New Business segments & products – With diversification in mind, EFL is all set to include new business lines & products in its product portfolio.
3. Cross sell & Upsell opportunities – With variety of products on various needs of its customer, EFL carry opportunity to Cross sell & Upsell new products to its customer base



DIRECTORS' REPORT

4. In depth Knowledge of Industry – Helps EFL to serve the underserved in the segment with right product.

Threats

1. **Slow Industrial Growth** - Although slow Industrial Output due to various macro & micro economic factors has slowed the capital expenditure and investments in the industry, the outlook of the economy & the industry is good with various focused initiatives implemented by the government.

Stress on Portfolio health - Due to various reasons the NPAs in the Bank/NBFC domains are high, thus needs special focus while selecting good customers to maintain healthy portfolio.

PRODUCT-WISE PERFORMANCE

Machinery & Non Machinery finance are the two major Business verticals at EFL. Economy saw limited cash crunch for the time period as an after effect of Demonetization, the purchasing power of the society was low for this time period & thus the capex related activities in the overall economy took backseat.

While machinery finance was taking a conscious approach in this time period, Non machinery finance came ahead to take the pilot seat for business. In Financial Year 2017, Machinery finance with all the macroeconomic changes, stood by its ground to deliver numbers similar to that of earlier financial year & New product line of Non machinery finance grew by more than 3 times & contributed to the growth story of EFL.

OUTLOOK

Working in tandem with the larger goal of pushing for economic growth, the implementation of many reforms made the MSME space relatively bullish, but not necessarily elated. These include re-implementation of Public Procurement Policy, Pradhan Mantri MUDRA Yojana, Make in India, Startup India, and Skill India. Aimed at increasing growth of manufacturing sector by 12-14% per annum and increase its share of GDP to 25% by 2025, the government plans to make financial and technical support more accessible. Also, the announcement to implement GST Bill in 2017 is a landmark decision that will help solve long existing challenges prevalent in the current taxation system. For SMEs, GST bill will help rationalize indirect taxes, have more transparency of tax process, draw projections of production cost and gain easy access to new geographies for business expansion. EFL is committed to grow alongside the industry & the economy.

RISKS AND CONCERNS

1. Interest Rate Volatility - Volatility in Interest rates may create variance in the budgeted numbers & may affect future strategic decisions.
2. Regulatory Changes - Any change in regulatory guidelines may have impact on the business operations in short term.
3. Competition - New entrants & highly competitive MSME space may squeeze the margins.

INTERNAL CONTROLS, AUDIT AND COMPLIANCE

The Company has appointed M/s G. D. Apte & Co. as Internal auditor for the Financial Year 2016-17. The concurrent auditor is DKV & Associates. Over the course of the year, majority of areas got covered in the internal and concurrent audit. The branch audit does not fall under the purview of the internal auditor as no accounting is done at the branches. Since 2013, the Company has an in-house process auditor who is responsible for ensuring that every team is operating as per defined processes and non-compliances of processes are remediated immediately. The process auditor is not only responsible for process compliances at the head office but also at the branches.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the year the company has not transferred any amount to Investor Education and Protection Fund.

**PUBLIC DEPOSITS**

The Company has neither accepted nor renewed any deposits during the year under review.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy for prevention of Sexual Harassment at workplace. This inter alia provides a mechanism for the resolution, settlement, or prosecution of acts or instances of Sexual Harassment at work and ensures that all employees are treated with respect & dignity. During the year under review the Company has not received any complaint under the Provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

16. ACKNOWLEDGEMENTS

The company's directors place on record their sincere thanks to bankers, customers, employees, shareholders, business associates, consultants, and various government authorities for their continued support extended to the Company's activities during the year under review. We also acknowledge the significant contribution made by the employees with their dedication and hard work and trust reposed on us and we thank the shareholders for their support and confidence reposed on the Company. We look forward to have the same support in our endeavor to help the Company to grow faster.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF
ELECTRONICA FINANCE LIMITED

SHRIKANT POPHALE

CHAIRMAN

DIN : 00393859

Date: 26th July, 2017

Place: Pune

SHILPA POPHALE

MANAGING DIRECTOR

DIN: 00182457



ANNEXURE A

Form No. MR - 3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Electronica Finance Limited
Regd. Office: 128/A, Plot No.3, Kailashchandra Apartments,
Paud Road, Kothrud, Pune 411038

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Electronica Finance Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Electronica Finance Limited for the Company's Financial Year ended on 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during financial year 2016-17;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT') to the extent applicable to the company :
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 notified with effect from 15.05.2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client ;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 ; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the company during the audit period);
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;



VI. Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to NBFC which are specifically applicable to the Company

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with Bombay Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

I further Report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority Decision is carried through while the dissenting members' views if any, are captured and recorded as part of the minutes.

I further Report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has

- i. Entered into Debt Listing Agreement with Bombay Stock Exchange Limited (BSE) vide agreement dated 6th April, 2016 for listing of its 250 Non - Convertible Debt Securities (Subordinated Unsecured Rated Listed Taxable Transferable Redeemable Non-Convertible Debentures Series 1-250 issued on private placement basis of ₹ 10,00,000/- each fully paid up) on BSE.
- ii. Issued and allotted 529 Rated Secured Redeemable Transferable Non convertible Debentures of ₹ 10,00,000/- each for a total nominal value of ₹ 52.90 Crores to AAV Sarl, Luxembourg (foreign portfolio investor) on 30.03.2017 through Private Placement offer.

FOR C. V. KULKARNI & CO.

COMPANY SECRETARIES

C. V. KULKARNI

COMPANY SECRETARY

Place: Pune

Date: 26.07.2017

FCS No: 3342

CP No: 2792

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.



ANNEXURE A

To,
The Members of,
Electronica Finance Limited
Regd. Office: 128/A, Plot No.3, Kailashchandra Apartments,
Paud Road, Kothrud, Pune 411038

My report of even date is to be read along with this letter

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices & process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes & practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness & appropriateness of financial records & Books of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules & regulations & happening of events etc.
5. The compliance of the provisions of Corporate & other applicable laws, Rules, Regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of its efficacy or effectiveness with which the management has conducted the affairs of the Company.

FOR C.V.KULKARNI & CO.

COMPANY SECRETARIES

C. V. KULKARNI

COMPANY SECRETARY,

FCS No.: 3342

CP No.: 2792

Place: Pune

Date: 26.07.2017



1. The details of Conservation of Energy are as follows –

a. Energy conservation measures taken:

- i. The Company uses CFL lamps in the office which saves 60% electricity, as compared to normal tubes and lamps
- ii. The Company uses evaporative cooling system in the office, which saves approximately 75% electricity as compared to an air conditioning system

b. Additional investment and proposal if any being implemented for reduction of consumption of energy:

Solar energy is a free, inexhaustible natural resource, yet harnessing it is a relatively new idea. Considering this, EFL has installed Solar power system at Pune, head office which is helping in reduction of consumption of electricity and also in maintaining a clean environment.

c. Impact of the measures above:

Due to measures carried by the company in regard to energy conservation, the company has not only reduced the cash outflow with regard to electricity but also made an attempt towards a healthier, cleaner and greener environment.

2. Technology absorption

Areas in which R&D carried out	Not applicable
Benefits derived from R&D	Not applicable
Future plan of action	Not applicable
Expenditure on R&D	Not applicable
Technology absorption, adaptation and innovation	Not applicable
Import of technology	Not applicable

3. The information with respect to Foreign Exchange Earning and outgo is given below

Particulars	(Rs. in lakhs)	
	Amounts	
Foreign Exchange Earnings	NIL	
Foreign Exchange outgo (For HP Assets / Loans)	618.02	
Foreign Exchange outgo (For FCNRB Term loan)	NIL	
Travelling Expenses	NIL	
Asset Purchased	NIL	



{Pursuant to Section 135 of the Companies act, 2013 read with the Companies (Corporate social Responsibility) Rules, 2014}

CSR Policy

Context:

At Electronica Finance Limited (Hereinafter referred to as EFL), we believe CSR is not a Charity or mere donation but a way of going beyond business as usual & giving back to the society. EFL's Corporate Social Responsibility (CSR) activities reflect the company's philosophy of "Empowering Ambitions" at large, through its various initiatives. Such initiatives aim at supporting the communities in which we operate; helping to shape a better, more sustainable society.

1. Objective :

EFL CSR policy focuses on

1. Enabling access to quality Education
2. Providing good quality Food to eradicate hunger
3. Working towards the Environmental Sustainability
4. Supporting different initiatives which focuses on Rural Development

EFL believes working on these 3 areas forms the foundation towards the sustainable development of the society.

2. Focus Areas :

In accordance with the requirements under the Companies Act, 2013, EFL's CSR activities, amongst others, will focus on:

- ▶ **Hunger, Malnutrition and Health** : Eradicating hunger, poverty and malnutrition, promoting preventive health care & sanitation and making available safe drinking water.
- ▶ **Education** : Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- ▶ Rural Development projects
- ▶ **Environmental Sustainability** : Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.

3. Undertaking CSR Activities :

EFL will undertake its CSR activities, as approved by the CSR Committee. Surplus arising out of the activities, project or programs will not form part of the business profit of the Company.

**4. Projects undertaken by Company :**

Sr. No.	Focus Area	Project Details	Program Details
1.	Education	EFL launched "Project - UDAAN" – Focus on Educating Girl Child.	<p>Vision : Empowering individuals with limited financial capacity by helping them to get access to quality education.</p> <p>Mission: Extending helping hand towards economically challenged families with girl child by not only supporting education of the girl child, but also mentoring her on regular basis to become economically self-sufficient and confident.</p> <p>Project Objective :</p> <ol style="list-style-type: none"> 1. Focus on Workers from Industrial belts with income below 3 lakh 2. Primary focus on Education & Development of Girl child <p>Achievement :</p> <ol style="list-style-type: none"> 1. Total 104 students are the part of this program for FY 16-17. <ol style="list-style-type: none"> a. Special Initiative – Provided Scholarship to 10 blind students 2. The project doesn't stop by just providing financial assistance, but also encompasses handholding with selected students in terms of guiding them in Education through counselling. 3. Company donated some amount to Karve Stri Shikshan for their Annual Program.
2.	Environmental Sustainability	Giving back to Mother Earth	<p>Vision : Focus on environmental sustainability, maintaining ecological balance and protection of flora and fauna.</p> <p>Project Objective:</p> <ol style="list-style-type: none"> 1. Seed Droppings and Tree Plantation at Shirval hill side near Pune City <p>Achievement:</p> <ol style="list-style-type: none"> 1. We targeted 5 acres of land area at Shirval near Pune. We dropped thousands of seeds and planted approx. 100 of trees. 2. Unfortunately, we couldn't protect them from animal, based on our this learning we are again going to implement this activity once again.
3.	Rural Development	Handled Project through "NAAM foundation" & "Sampurna Bamboo Kendra"	<p>Project Details :</p> <p>Company utilized these 2 NGO's as a channel partner, which works in the area of Water Conservation & Adiwasi Development.</p>
4.	Hunger, Malnutrition and Health	Handled Project through "ISKCON"	<p>Project Details :</p> <p>Company has joined hands with ISKCON Mid-Day Meal Program.</p>

5. Composition of CSR Committee.

The CSR Committee consists of the following Directors:

1. Ms. Shilpa Pophale	(Managing Director)
2. Mrs. Mugdha Kaskhediker	(Additional Director)
3. Mr. T. V. Rao	(Independent Director)

ANNUAL REPORT ON CSR ACTIVITIES

{Pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014}

Details of expenditure on CSR activities are as follows:

Particulars	(₹ in Lakhs)
Average net profit of the Company for the financial years 2013-14, 2014-15, 2015-16.	2000.38
Prescribed CSR Expenditure (2% of the average net Profit computed above)	40.01
Total amount spent on CSR activities for the Financial Year 2016-17	17.97
Amount unspent, if any	22.04

Manner in which the amount spent during the financial year 2016-17 is detailed below.

(In ₹)

CSR project or activity identified	Sector in which the project is covered	Projects or programs- Specify the State/ Union Territory where projects or programs was undertaken	Projects or programs - Specify the district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs		Cum. expenditure up to the reporting period	Mode of Amount spent
					Sub-heads: 1) Direct Expenditure on projects or programs.	2) Overheads		
					Direct	Indirect		
Education	Project focus on educating Girl child from under privileged background.	Maharashtra	Pune, Kolhapur	13,73,420	13,61,420	67,791	14,29,211	Direct Spending
Education	General Donation to educational Institute		Pune	25,000	25,000	-	1,454,211	Direct Spending
Rural Development	Water Conservation initiatives & Adivasi Development		Pune and Amarawati	178,000	178,000	-	1,632,211	Through Implementing Agency 1.NAAM Foundation 2.Sampoorna Bamboo Kendra
Hunger, poverty, malnutrition and health	Sponsorship to Mid-Day meal Program		Pune	150,000	150,000	-	1,782,211	Through Implementing Agency 1. ISKCON
Environmental sustainability	Seed Dropping & Tree Plantation Drive		Pune	15,000	15,000	-	1,797,211	Direct Spending

In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount

We have spent ₹ 17.97 Lakh of the average net profit as part of the CSR initiatives in the reporting period. We have laid a strong foundation in the form of a robust CSR policy as part of the implementation of the CSR regulation. We are currently evaluating various avenues to ensure that the amount is spent in the right direction with maximum impact. We believe from the next year onwards; we will be making increased efforts to meet the CSR target spends.

A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the company.

The CSR Committee has confirmed that the implementation and monitoring of CSR policy is in compliance with CSR objectives and the policy of the Company.

**Background**

Electronica Finance Limited (hereinafter referred as the 'Company') practices a corporate culture that is based on the tenets of trusteeship, empowerment, accountability, control and ethical practices with transparency at its core for creation of maximum value for the stakeholders.

Present Position of Directors and KMP of the Company:

The Company has constituted a Nomination and Remuneration Committee of the Board of Directors. The Committee consists of three members, all are Independent Directors, details of members are provided in the Corporate Governance section.

Terms of reference of the nomination and remuneration committee

- ▶ Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- ▶ Act as Selection and Compensation Committee to evaluate suitability of candidates for various senior positions and determine appropriate compensation package for them. Selection of related persons whether or not holding place of profit in the Company to be carried out strictly on merit and where applicable, be subjected to review by the Audit Committee of and/or the Board with approval at each stage being obtained by disinterested Independent Directors only.
- ▶ Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- ▶ Removal strictly in terms of the applicable law/s and in compliance of principles of natural justice.
- ▶ Formulation of criteria for evaluation of Independent Directors and the Board and devising a policy on the Board diversity.
- ▶ Recommend to the Board remuneration including salary, perquisite and commission to be paid to the Company's Executive Directors on an annual basis or as may be permissible by laws applicable.
- ▶ Recommend to the Board, the Sitting Fees payable for attending the meetings of the Board/Committee thereof, and, any other benefits such as Commission, if any, payable to the Non- Executive Directors.
- ▶ Setting the overall Remuneration Policy and other terms of employment of Directors, wherever required.

Criteria for determining the following:-

Qualifications for appointment of Directors (including Independent Directors):

- ▶ Persons of eminence, standing and knowledge with significant achievements in business, professions and/or public service.
- ▶ Their financial or business literacy/skills.
- ▶ Their industry experience.
- ▶ Appropriate other qualification/ experience to meet the objectives of the Company.

The Remuneration and Nomination Committee shall have discretion to consider and fix any other criteria or norms for selection of the most suitable candidate/s.

- ▶ Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- ▶ Actively update their knowledge and skills with the latest developments in the industry, market conditions and applicable legal provisions.
- ▶ Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- ▶ To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

- ▶ Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- ▶ To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- ▶ Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made.

Appointment of KMP / Senior Management:

- ▶ To possess the required qualifications, experience, skills & expertise to effectively discharge their duties and responsibilities.
- ▶ To practice and encourage professionalism and transparent working environment.
- ▶ To build teams and carry the team members along for achieving the goals/objectives and corporate mission.
- ▶ To adhere strictly to code of conduct

Policy relating to Remuneration of Directors, KMP and Senior Managerial Personnel:

- ▶ To ensure that the level and components of remuneration are reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- ▶ No director/ KMP/ other employee are involved in deciding his or her own remuneration.
- ▶ The trend prevalent in the similar industry, nature and size of business are kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- ▶ It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- ▶ Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- ▶ Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.

▶ Following criteria are also to be considered :

- ▶ Responsibilities and duties ;
- ▶ Time & efforts devoted and Value addition;
- ▶ Profitability of the Company & growth of its business;
- ▶ Analyzing each and every position and skills for fixing the Remuneration yardstick;
- ▶ Standards for certain functions where there is a scarcity of qualified resources.
- ▶ Ensuring tax efficient remuneration structures.
- ▶ Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
- ▶ Other criteria as may be applicable.

We have applied consistent application of remuneration parameters across the organization. Provisions of law with regard making payment of remuneration, as may be applicable, are complied.

Whenever, there is any deviation from the policy, the justification /reasons should also be indicated/ disclosed adequately.

Review

The policy shall be reviewed by the Nomination & Remuneration Committee and the Board, from time to time as may be necessary.


Details required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2016-17 is as under:

Median Salary for FY 2016-17

₹ 4.11 Lakhs

Sr. No.	Name of the Director	Remuneration FY 16-17 (₹ In lakhs)	Ratio Times
1	Mr. Shrikant Pophale	37.50	9.12
2	Ms. Shilpa Pophale	115.07	28.00
3	Mrs. Mugdha Kaskhediker	3.58	0.87

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or manager, if any, in the financial year

Sr. No.	Name of the Director	% increase in remuneration
1	Mr. Shrikant Pophale	56.25%
2	Ms. Shilpa Pophale	43.41%
3	Mrs. Mugdha Kaskhediker	Nil
4	Mr. Sanjiv Roy	Nil
5	Mr. Ganesh Gopalan	Nil
6	Ms. Khwahish Rawal	Nil

- (iii) The percentage increase in the median remuneration of employees in the financial year;
% increase in the Median remuneration of the employees in the FY. 14.00%
- (iv) The number of permanent employees on the rolls of Company
No. of Permanent Employees as on 31 March 2017 318
- (v) The explanation on the relationship between average increase in remuneration and Company performance.
- ▶ The turnover (income) of the company has increased by 15.34% hence we have given the median increment of 14% to the employees.
- (vi) Comparison of the remuneration of the key Managerial Personnel against the performance of the Company
- ▶ Remuneration of KMPs during the year was ₹ 171.97 lakhs, which is 7.53 % of PBT of ₹ 2283.11 Lakhs.
- (vii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
- ▶ Average increase in Salary of other than KMP employees was 9.64%. There was no increase in salary of the Key managerial personnel.
- (viii) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;

Sr. No.	Name of the Employee	Remuneration	PBT	Remuneration (% of PBT)
1	Mr. Sanjiv Roy (Chief Executive Officer)	160.38	2283.11	7%
2	Mr. Ganesh Gopalan (Company Secretary)	7.79	2283.11	0%
3	Ms. Khwahish Rawal (Company Secretary)	3.80	2283.11	0%

- (ix) The key parameters for any variable component of remuneration availed by the directors
- ▶ Growth in disbursements & PBT of the company.
- (x) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;
- ▶ 0.72 times and
- (xii) Affirmation that the remuneration is as per the remuneration policy of the company.
- ▶ Yes



ANNEXURE E

Statement of Particulars of Employees pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

A. Persons employed throughout the financial year & paid Rs.60 Lacs P.A. or more.

Name of Employee		Sanjiv Roy
Designation		Chief Executive Officer
Remuneration Paid		160.38 Lakhs
Qualification		B.Sc, PGDM
Experiance (Year)		18
Commencement of Employment		1-Jun-99
No. of Shares Held		0
If relative of Director or Manager		N. A.
Whether Permanent/ Contractual		Permanent
Age (Years)		42
Last Employed	Organisation	ICICI Prudential
	Post Held	Executive Vice President
	Duration (Years)	8.7

**Form No. MGT-9**

Extract of Annual Return - As on the financial year ended on 31st March, 2017

{Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014}

I. Registration and other details

1	CIN	U65910PN1990PLC057017
2	Registration date	26th June 1990
3	Name of the Company	Electronica Finance Limited
4	Category/Sub category of the Company	Non - Banking Financial Company (NBFC-ND-SI)
5	Address of the Registered office and contact details	128/A, Plot No.3, Kailashchandra Apartments, Paud Road, Kothrud Pune 411038
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 247 Park, C 101, 1st Floor, LBS Marg, Vikhroli (W), Mumbai – 400 083 Contact Details : 022 - 49186000
8	Name, Address and Contact details of Debenture Trustee	Catalyst Trusteeship Limited Office No. 83 – 87, 8th floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021 Contact Details : 022-49220539

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are as stated below :

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company
1	Asset Financing Activity	64920	92.80

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
Mugdha Investment and Finance Private Limited	U65993MH1990PTC057022	Holding company	* 90.74%	2(46)

* Shareholding of 90.74% include 47.57% shares held by Electronica Industries Limited which is a subsidiary company of Mugdha Investment and Finance Private Limited

ANNEXURE F

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup As % of Total Equity)

i) Category-wise Shareholding

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2016				Number of shares held as at 31/03/2017				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(A)	Promoters									
(1)	Indian									
a)	Individual / HUF	-	17,29,775	17,29,775	7.82	-	17,30,275	17,30,275	7.83	0.01
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate -	-	2,01,64,305	2,01,64,305	91.20	-	2,01,64,305	2,01,64,305	91.20	-
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(I)	-	2,18,94,080	2,18,94,080	99.02%	-	2,18,94,580	2,18,94,580	99.03	0.01
(2)	Foreign	-	-	-	-	-	-	-	-	-
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other – Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(II)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoters									
	(A) = (A)(I) + (A)(II)	-	2,18,94,080	2,18,94,080	99.02%	-	2,18,94,580	2,18,94,580	99.03%	0.01
(B)	Public shareholding									
(1)	Institutions									
a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(I)	-	-	-	-	-	-	-	-	-
(2)	Non – Institutions									
(a)	Bodies Corporate									
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
i)	Individual shareholders holding nominal share capital upto Rs 1 lakh	-	2,04,120	2,04,120	0.92	-	2,03,620	2,03,620	0.92	-
ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	12,500	12,500	0.06	-	12,500	12,500	0.06	-
c)	Others									
	i) Non - Resident Indians	-	-	-	-	-	-	-	-	-
	ii) Clearing Members	-	-	-	-	-	-	-	-	-
	iii) Directors and their relatives	-	-	-	-	-	-	-	-	-
	iv) Hindu Undivided Families	-	-	-	-	-	-	-	-	-
	v) Trusts	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(II)	-	2,16,620	2,16,620	0.98	-	2,16,120	2,16,120	0.98	-
	Total Public Shareholding (B) = (B)(I) + (B)(II)	-	2,16,620	2,16,620	0.98	-	2,16,120	2,16,120	0.98	-
(C)	Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	-	2,21,10,700	2,21,10,700	100.00	-	2,21,10,700	2,21,10,700	100.00	0.01


ANNEXURE F
ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholders as at 1/04/2016		Shareholders as at 31/03/2017	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
I	Mr. Shrikant Pophale	6,76,655	3.06	6,76,655	3.06
II	Shrikant Raghunath Pophale (HUF)	7,21,500	3.26	7,21,500	3.26
III	Mrs. Mugdha Kaskhediker	22,000	0.10	22,000	0.10
IV	Ms. Shilpa Pophale	31,000	0.14	31,500	0.14
V	Mrs. Priya Dharmadhikari	30,500	0.14	30,500	0.14
VI	Mrs. Manisha Pophale	1,43,620	0.65	1,43,620	0.65
VII	Mr. Sujit Natekar	34,333	0.16	34,333	0.16
VIII	Mr. Adwait Dharmadhikari	500	0.00	500	0.00
IX	Mr. Rahul Kaskhediker	33,834	0.15	33,834	0.15
X	Mr. Shashikant Dharmadhikari	500	0.00	500	0.00
XI	Adwait Dharmadhikari (HUF)	33,833	0.15	33,833	0.15
XII	Mr. Sharad Natekar	1,000	0.00	1,000	0.00
XIII	Sujit Natekar (HUF)	500	0.00	500	0.00
XIV	M/s Electronica Export Private Ltd	9,21,725	4.17	-	-
XV	M/s Electronica Hi Tech Machine Tool Private Limited	1,00,000	0.45	1,00,000	0.45
XVI	M/s Electronica Industries Limited	1,05,17,125	47.57	1,05,17,125	47.57
XVII	M/s Mugdha Investment & Finance Private Limited	86,25,455	39.01	95,47,180	43.17
	Total	2,18,94,080	99.02	2,18,94,580	99.02

Note:

- Amounts shown as "0.00" above are not nil, but rounded off to 2 decimals.
- In case of joint holding, the name of the first holder is considered.
- No shares of promoters have been pledged or encumbered as of 01/04/2016 or 31/03/2017 or during the year ended 31/03/2017.

iii) Change in Promoters' Shareholding :

Sr. No.	Shareholders Name	Shareholders as at 1/04/2016		Shareholders as at 31/03/2017	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
I.	Shilpa Pophale	31,000	0.14	31,500	0.14
II.	Mugdha Investment & Finance Pvt. Ltd.	86,25,455	39.01	95,47,180	43.17
III.	Electronica Export Private Limited*	9,21,725	4.17	-	-

* Electronica Export Private Limited merged with Mugdha Investment & Finance Private Limited



ANNEXURE F

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs) :

Shareholding pattern of top ten shareholders as at 31st March 2016

Sr. No.	Name of Shareholder	Number of shares	% of total shares of the Company
I	Shah Tushar Subodh	12,500	0.06
II	Bhargava Hari (HUF)	7,500	0.03
III	Jhaveri Ajay	7,500	0.03
IV	Bhargava Siddhida	7,500	0.03
V	Bhargava Hari	7,500	0.03
VI	Kolhatkar Nitin S.	7,000	0.03
VII	Bhanjan S.R	5,000	0.02
VIII	Chiyyedu Sunit S.	5,000	0.02
IX	Pathak Sudhir M.	5,000	0.02
X	Agarwal Umesh	5,000	0.02
XI	Chatterjee Pritish Amit Kumar	5,000	0.02
XII	Gokhale Archana Mukund	5,000	0.02
XIII	Save Atul Moreshwar	5,000	0.02

Shareholding pattern of top ten shareholders as at 31st March 2017

Sr. No.	Name of Shareholder	Number of shares	% of total shares of the Company
I	Shah Tushar Subodh	12,500	0.06
II	Bhargava Hari (HUF)	7,500	0.03
III	Jhaveri Ajay	7,500	0.03
IV	Bhargava Siddhida	7,500	0.03
V	Bhargava Hari	7,500	0.03
VI	Kolhatkar Nitin S.	7,000	0.03
VII	Bhanjan S.R	5,000	0.02
VIII	Chiyyedu Sunit S.	5,000	0.02
IX	Pathak Sudhir M.	5,000	0.02
X	Agarwal Umesh	5,000	0.02
XI	Chatterjee Pritish Amit Kumar	5,000	0.02
XII	Gokhale Archana Mukund	5,000	0.02
XIII	Save Atul Moreshwar	5,000	0.02

Note:

- In case of joint holding, the name of the first holder is considered.
- There is no fresh allotment/reduction of share capital during the year by the Company. The increase/decrease in shareholding above is due to transactions between shareholders.
- The shareholding details given above are based on the legal ownership and not beneficial ownership.

v) **Shareholding of Directors and Key Managerial Personnel**

Shareholding of Directors :

Sr. No.	Shareholders Name	Shareholders as at 1/04/2016		Shareholders as at 31/03/2017	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
I.	Mr. Shrikant Pophale	6,76,655	3.06%	6,76,655	3.06%
II.	Ms. Shilpa Pophale	31,000	0.14%	31,500	0.14%
III.	Mrs. Mugdha Kaskhediker	22,000	0.10%	22,000	0.10%
IV.	(Dr.) Mrs. Priya Dharmadhikari*	30,500	0.14%	30,500	0.14%

* Mrs. Priya Dharmadhikari Ceased to be Director of the Company w.e.f. 26th October, 2016.

V. **INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at 01 Apr 16				
i) Principal Amount	31,493.09	2,914.33	0	34,407.42
ii) Interest due but not paid	99.69	0.00	0	99.69
iii) Interest accrued but not due	73.95	00.0	0	73.95
Total (i + ii + iii)	31,666.73	2,914.33	0	34,581.06
Change in Indebtedness during the financial year				
Addition	23,601.13	0.00	0	23,601.13
(Reduction)	(13,873.90)	(695.28)	0	(14,569.18)
Net Change	9,727.23	(695.28)	0	9031.95
Indebtedness as at 31 Mar 17				
i) Principal Amount	41220.32	2219.05	0	43,439.37
ii) Interest due but not paid	70.07	0.00	0	70.07
iii) Interest accrued but not due	142.50	0.00	0	142.50
Total (i + ii + iii)	41,432.89	2,219.05	0	43,651.94



ANNEXURE F

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole Time Directors and/or Manager

(in ₹)				
Sr. No.	Particulars of Remuneration	Shilpa Pophale (Managing Director)	Shrikant Pophale (Executive Director)	Mugdha Kaskhediker (Executive Director)
I.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,15,07,604	37,50,000	3,58,210
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
II.	Stock Option	-	-	-
III.	Sweat Equity	-	-	-
IV.	Commission	-	-	-
	- as percentage of profit	-	-	-
	- others	-	-	-
V.	Others	-	-	-
	Total (A)	1,15,07,604	37,50,000	3,58,210
	Ceiling as per the Act	Rs. 2,36,22,000 /- * (as per Companies Act 2013 Maximum Remuneration can be Paid 10% of Net Profit)		

B. Remuneration to other Directors

(in ₹)					
Sr. No.	Name of Director	Particulars of Remuneration			Total Amount
		Fees for attending board / committee meetings	Commission / Professional fees	Others	
i)	Independent Directors				
	Mr. Venkatesh Srinivasan	41,500	-	-	41,500
	Mr. T. V. Rao	2,15,000	-	-	2,15,000
	Mr. P. Vijay Bhaskar	53,000	-	-	53,000
	Total (1)	3,09,500			3,09,500
ii)	Other Non-Executive Directors				
	Mr. Shiriram Gogate	1,95,000	12,00,000	-	13,95,000
	Total (2)	1,95,000	12,00,000	-	13,95,000
	Total (B)=(1+2)	5,04,500	12,00,000	-	17,04,500
	Total Managerial Remuneration				20,14,000
	Overall Ceiling as per the Act	Rs. 23,62,000 /- (Maximum as per Companies Act 2013)			


C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director :

(₹)

Sr. No.	Particulars of Remuneration	* Ganesh Gopalan and Khwahish Rawal (Company Secretary)	Sanjiv Roy (Chief Executive Officer)	** Sudeep Bhatia (Chief Financial Officer)	Total
I.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,58,919	1,60,38,004	-	1,71,96,923
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
II.	Stock Option	-	-	-	-
III.	Sweat Equity	-	-	-	-
IV.	Commission	-	-	-	-
	- as percentage of profit	-	-	-	-
	- others	-	-	-	-
V.	Others	-	-	-	-
	Total	11,58,919	1,60,38,004	-	1,71,96,923

* The remuneration paid to Company Secretary includes remuneration paid to Mr. Ganesh Gopalan (resigned w.e.f. 31st August, 2016 and Ms. Khwahish Rawal (appointed w.e.f. 26th October, 2016)

** The Company has appointed Chief Financial Officer w.e.f. 12th May, 2017.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

During the financial year, there is no instance of any penalty / punishment / compounding of offence under the Companies Act, 2013 against any Director, Key Managerial Person and other officers in default.

NIL

REPORT ON CORPORATE GOVERNANCE

I. Governance Philosophy

Electronica Finance Limited (hereinafter referred to as EFL) believes that the highest standard of Corporate Governance is essential in order to sustain excellent performance and enhance shareholder value, on a long term basis. EFL continues to strive towards achieving the highest level of transparency and adopt the best corporate governance practices in all its dealings with various stakeholders.

EFL strives towards achieving the highest level of ethical standards and consequently the Board is kept well-informed about all the activities of the company. The Company's philosophy on Corporate Governance is embedded in the rich legacy of ethical governance practices, most of which were implemented before they were mandatorily prescribed. The objective of Good Corporate Governance is to ensure the Board's commitment towards transparent management to maximize long term value for the Company's shareholders and all other participants involved in a process, which is economic and, at the same time, social.

II. Board of Directors

Composition

The Board of Directors along with the Committees of the Board, provides leadership and guidance to the Company's Management and directs, supervises and controls the activities of the Company. As on 31st March, 2017, EFLs Board comprises of Seven Directors. Four Directors are Non-Executive and amongst the Non-Executive, three Directors are Independent Directors and three are Executive Directors. All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Companies Act, 2013.

During the year, Mr. Rahul Rathi resigned from the directorship of the Company with effect from 17th August, 2016 and Dr. Mrs. Priya Dharmadhikari resigned from the Directorship of the Company due to their pre occupation on 26th October, 2016. During the year, Mr. Vijaya Bhaskar was inducted on the Board of the Company as a Non Executive Independent Director but due to personal reasons he resigned from the directorship of the Company with effect from 18th March, 2017. Further, during the year Mrs. Mugdha Rahul Kaskhediker was inducted on the Board with effect from 26th October, 2016 as a Whole Time Director and Mr. Milind Limaye was inducted on the Board with effect from 27th March, 2017 as an Independent Director.

Number of Board Meetings

During 2016-17, the Board of EFL met five times on – 24th May, 2016, 26th July, 2016, 26th October, 2016, 23rd January, 2017 and 27th March, 2017. The maximum time gap between any two consecutive meetings was less than four months.

The Company in consultation with all the Directors of the Company prepared a tentative calendar for the next meetings of the Board/Committee to ensure the presence of all the Directors in the meetings. Agenda papers containing all the necessary information are sent well in advance to all the Directors of the Company so as to enable the Directors to become aware of all the facts on timely basis.

Directors' Attendance Record and Directorship Held

Sr. No.	Name of Director	Position	Category	No. of meetings held in 2016-17 during tenure	No. of meetings attended	No. of outside Director-ships of public companies*
1.	Mr. Shrikant Pophale	Executive Director	Promoter - Executive	5	5	1
2.	Ms. Shilpa Pophale	Managing Director	Promoter - Executive	5	5	1
3.	(Dr.) Mrs. Priya Dharmadhikari ¹	Executive Director	Promoter -Executive	2	1	1
4.	Mrs. Mugdha Kaskhediker ²	Additional Director	Promoter-Executive	3	3	-
5.	Mr. Shriram Gogate	Director	Non-Executive	5	5	-
6.	Mr. Venkatesh Srinivasan	Director	Independent - Non Executive	5	1	2
7.	Mr. Rahul Rathi ³	Director	Independent - Non Executive	2	-	-
8.	Mr. T.V. Rao	Director	Independent - Non Executive	5	5	7
9.	Mr. Vijaya Bhaskar ⁴	Additional Director	Independent - Non Executive	2	2	10
10.	Mr. Milind Limaye ⁵	Additional Director	Independent - Non Executive	1	-	-



REPORT ON CORPORATE GOVERNANCE

Notes :

* Excludes directorships in private limited companies, foreign companies, memberships of management committees of various chambers, bodies and Section 8 companies

- 1 Resigned from the Directorship of the Company w.e.f. 26th October, 2016
- 2 Co-opted on the Board as Additional Director) w.e.f. 26th October, 2016 subject to approval of the Shareholders of the Company.
- 3 Resigned from the Directorship of the Company w.e.f. 17th August, 2016
- 4 Resigned from the Directorship w.e.f. 18th March, 2017
- 5 Co-opted on the Board as Additional Director) w.e.f. 27th March, 2017 subject to approval of the Shareholders of the Company

The last Annual General Meeting held on 26th August, 2016 was attended by Mr. Shriram Gogate, Chairman of the Audit Committee.

Directors with Materially Significant Pecuniary Relationship or Business Transaction with the Company

All Executive Directors receive salaries, allowances, perquisites and commission, while all Non-Executive Directors are paid sitting fees for attending the Board meetings as well as Committee meetings. There have been no materially significant pecuniary relationships or transactions between the Company and its Directors in the financial year under review.

Remuneration paid to Executive Directors

Detailed information of Director's remuneration for the year 2016-17 is given in the table below:

(In ₹)

Name of Director	Remuneration
Mr. Shrikant Pophale	37,50,000/-
Ms. Shilpa Pophale	1,15,07,604/-
Dr. (Mrs.) Priya Dharmadhikari	NIL
Mrs. Mugdha Kaskhediker	3,58,210/-

Further, the details of payments made to Independent Directors form a part of the extract of annual return provided as part of the Director's report.

Shareholding of Executive & Non-Executive Directors

Equity Shares and Convertible Instruments held by Executive & Non-Executive Directors as on 31st March, 2017

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Mr. Shrikant Pophale	Promoter - Executive	6,76,655	Nil
Ms. Shilpa Pophale	Promoter - Executive	31,500	Nil
(Dr.) Mrs. Priya Dharmadhikari	Promoter - Executive	30,500	Nil
Mrs. Mugdha Kaskhediker	Promoter - Executive	22,000	Nil
Mr. Shriram Gogate	Non - Executive	Nil	Nil
Mr. Venkatesh Srinivasan	Independent – Non Executive	Nil	Nil
Mr. Rahul Rathi	Independent – Non Executive	Nil	Nil
Mr. T.V. Rao	Independent – Non Executive	Nil	Nil
Mr. Vijaya Bhaskar	Independent – Non Executive	Nil	Nil
Mr. Milind Limaye	Independent – Non Executive	Nil	Nil



REPORT ON CORPORATE GOVERNANCE

COMMITTEES OF THE BOARD

The Board has constituted Committees with specific terms of reference/scope to focus effectively on issues and ensure expedient resolution of diverse matters and as required by the provision of RBI regulation, section 94(A) of RBI Act. These are the Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Investment/ Demand & Call Loan Policies and Bank Borrowing Committee of the Board.

The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board at its next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions and notings.

1. AUDIT COMMITTEE

As on 31st March, 2017, EFL's Audit Committee comprised four members - Mr. T V Rao, Independent Director, Mr. Milind Limaye, Additional Director(Independent), Mr. Venkatesh Srinivasan, Independent Director and Mr. Shriram Gogate, Professional Director.

The scope of activities of Audit Committee is as set out in Section 177 of the Companies Act, 2013. All the members of the Audit Committee are Non-Executive and majority are Independent Directors. Mr. Shriram Gogate, Chairman of the Audit Committee, possesses high degree of accounting and financial management expertise and all members of the Committee have sound accounting and financial knowledge. Mr. Shriram Gogate Chairman of the Audit Committee was present at the last AGM of the Company.

In 2016-17, the Audit Committee met four times on — 23rd May, 2016, 11th July, 2016, 24th October, 2016 and 23rd January, 2017.

Details of the Audit Committee

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Shriram Gogate (Chairman)	Non-Executive	4	4
Mr. T. V. Rao ¹	Independent Director	1	1
Mr. Venkatesh Srinivasan ²	Independent Director	3	0
Mr. Rahul Rathi ³	Independent Director	2	0
Mr. Vijay Bhaskar ⁴	Additional Director(Independent)	1	1
Mr. Milind Limaye ⁵	Additional Director(Independent)	-	-

Notes :

1. Appointed as a member w.e.f 26th October, 2016
2. Resigned from membership of the Committee w.e.f. 26.10.2016 and was co-opted as a Member on 27th March, 2017
3. Resigned as a Director of the company w.e.f. 17th August, 2016
4. Resigned as a director w.e.f. 18th March, 2017
5. Appointed as a member w.e.f 27th March, 2017



REPORT ON CORPORATE GOVERNANCE

Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee. Invitees to the Audit Committee include the representative of the Statutory Auditors and Internal Auditors.

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by RBI. EFL has systems and procedures in place to ensure that the Audit Committee mandatorily performs the following functions :

- ▶ Recommend appointment and removal of the Auditors and their remuneration, nature and scope of audit
- ▶ Ensure adequacy of internal controls and compliances and recommend remedial measures – Review adequacy of the Internal Audit function
- ▶ Review and monitor the auditors' independence and performance and effectiveness of the audit process
- ▶ Oversee financial reporting process and disclosure of financial information
- ▶ Examine the financial statements and the auditors' report thereon
- ▶ Evaluate internal financial controls and the risk management systems
- ▶ Act as a link between the Statutory Auditors, Internal Auditors and the Board of Directors
- ▶ Review accounting policies
- ▶ Approve any transactions of the Company with related parties or any subsequent modifications thereof
- ▶ Scrutinise inter-corporate loans and investments
- ▶ Evaluate the valuation of undertakings or assets of the Company, if necessary
- ▶ Monitoring the end use of funds raised through public offers and related matters – Review findings of internal investigations / frauds / irregularities, etc.
- ▶ Carry out additional functions as contained in the Listing Agreement or other regulatory requirements applicable to the Company or in the terms of reference of the Audit Committee
- ▶ Carry out the responsibilities under the Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices.

2. NOMINATION AND REMUNERATION COMMITTEE

a) Terms of reference

The Nomination and Remuneration Committee functions in accordance with the provisions of Companies Act, 2013 which included the following:-

- ▶ Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria and recommend to the Board their approval and removal.
- ▶ Carry out the evaluation of directors performance
- ▶ Formulate the criteria for determining qualification, positive attributes and independence of a director.
- ▶ Recommend to the Board a policy relating to the remuneration for the directors, KMP and other employees.
- ▶ Carry out such other functions as are required or appropriate in discharging their duties.

REPORT ON CORPORATE GOVERNANCE

b) Composition of the Committee

The Nomination and Remuneration Committee comprised of following four Non-Executive Independent Directors as on the 31st March, 2017. During FY 2016-17, two Meetings of the Nomination and Remuneration Committee were held on the following dates: 26th October, 2016 and 27th March, 2017. During the year under review Mr. Milind Limaye was appointed as a Chairman of the Committee in place of Mr. Shriram Gogate with effect from 27th March, 2017. As on 31st March, 2017, the Composition of Nomination and Remuneration Committee is as follows:

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Milind Limaye (Chairman)	Additional Director (Independent), Non Executive	-	-
Mr. T. V. Rao ¹	Independent, Non Executive Director	1	1
Mr. S. N. Gogate	Non Executive Director	2	2
Mr. Venkatesh Srinivasan ²	Independent, Non Executive Director	1	-
Mr. Vijaya Bhaskar ³	Additional Director (Independent), Non Executive	-	-

Notes:

- 1 Appointed as a member of the Committee w.e.f 26th October, 2016
- 2 Resigned from membership of the Committee w.e.f. 26.10.2016 and was co opted as a Member on 27th March, 2017
- 3 Resigned from Directorship of the Company w.e.f 18th March, 2017

Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee. None of the Directors hold stock options. During the year ended the 31st March, 2017, the Company did not advance any loans to any of its Directors.

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the Financial Year 2016-17, two Meetings of the Corporate Social Responsibility Committee were held on 11th July, 2016 and 26th October, 2016. As on 31st March, 2017 the Corporate Social Responsibility Committee comprising of Ms. Shilpa Pophale, Managing Director, Mr. T.V. Rao, Independent Director and Mrs. Mugdha Rahul Kaskhediker, Additional Director.

The Corporate Social Responsibility Committee shall function as under:

- ▶ Formulate and recommend to the Board, the Corporate Social Responsibility policy and the activities to be undertaken by the Company.
- ▶ Recommend the amount of expenditure to be incurred on the activities undertaken by the Company.
- ▶ Monitor the Corporate Social Responsibility policy from time to time.
- ▶ Carry out such other functions as are required or appropriate in discharging their duties.

The composition of the Corporate Social Responsibility Committee and the attendance of its Members at its Meetings held during FY 2016-17 is, given below :

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	2	2
Mr. T. V. Rao	Independent Director, Non Executive	2	2
(Dr.) Mrs. Priya Dharmadhikari ¹	Director, Executive	1	0
Mrs. Mugdha Kaskhediker ²	Additional Director, Executive	-	-

Notes:

- 1 Resigned as a Director of the Company & member of the Committee w.e.f. 26th October, 2016
- 2 Appointed as a member of the Committee w.e.f 26th October, 2016



REPORT ON CORPORATE GOVERNANCE

Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee.

4. ASSET LIABILITY MANAGEMENT COMMITTEE

During Financial Year 2016-17, one Meeting of the Asset Liability Management Committee was held on 11th April, 2016. Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee. The composition of the Asset Liability Management Committee and the attendance of its Members at its Meetings held during FY 2016-17 is, given below :

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	1	1
(Dr.) Mrs. Priya Dharmadhikari ¹	Director, Executive	1	1
Mrs. Mugdha Kaskhediker ²	Additional Director, Executive	-	-

Notes:

- 1 Resigned as a Director of the Company & member of the Committee w.e.f. 26th October, 2016
- 2 Appointed as a member of the Committee w.e.f. 26th October, 2016

5. RISK MANAGEMENT COMMITTEE

During Financial Year 2016-17, one Meeting of the Risk Management Committee was held on 18th April, 2016. Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee. The composition of the Risk Management Committee and the attendance of its Members at its Meetings held during FY 2016-17 is, given below :

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	1	1
(Dr.) Mrs. Priya Dharmadhikari ¹	Director, Executive	1	1
Mrs. Mugdha Kaskhediker ²	Additional Director, Executive	-	-

Notes:

- 1 Resigned as a Director of the Company & member of the Committee w.e.f. 26th October, 2016
- 2 Appointed as a member w.e.f. 26th October, 2016



REPORT ON CORPORATE GOVERNANCE

6. INVESTMENT/ DEMAND & CALL LOAN POLICIES COMMITTEE

During Financial Year 2016-17, one Meeting of the Investment/ Demand & Call Loan Policies Committee was held on 24th May, 2016. Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee. The composition of the Investment/ Demand & Call Loan Policies Committee and the attendance of its Members at its Meetings held during FY 2016- 17 is, given below :

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	1	1
(Dr.) Mrs. Priya Dharmadhikari ¹	Director, Executive	1	1
Mrs Mugdha Kaskhediker ²	Additional Director, Executive	-	-

Notes:

- 1 Resigned as a Director of the Company & member of the Committee w.e.f. 26th October, 2016
- 2 Appointed as a member of the Committee w.e.f 26th October, 2016

7. BANK BORROWING COMMITTEE

During Financial Year 2016-17, Nineteen Meetings of the Bank Borrowing Committee were held on 28th June, 2016, 26th July, 2016, 3rd August, 2016, 19th August, 2016, 23rd August, 2016, 24th August, 2016, 25th August, 2016, 29th August, 2016, 20th September, 2016, 3rd October, 2016, 27th October, 2016, 28th November, 2016, 29th November, 2016, 9th December, 2016, 29th December, 2016, 30th December, 2016, 7th March, 2017, 8th March, 2017, 27th March, 2017. Ms. Khwahish Rawal has been appointed as Company Secretary w.e.f. 26th October, 2016 and she is acting as the Compliance Officer and Secretary to the Committee. The composition of Bank Borrowing Committee and the attendance of its Members at its Meetings held during FY 2016- 17 is, given below :

Name of Director	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	19	19
Mr. Shrikant Pophale	Executive Director	16	16
Mr. Shriram Gogate	Professional Director, Non Executive	19	16
(Dr.) Mrs. Priya Dharmadhikari ¹	Director, Executive	10	-
Mrs. Mugdha Kaskhediker ²	Additional Director, Executive	9	-

Notes:

- 1 Resigned as a Director of the Company & member of the Committee w.e.f. 26th October, 2016
- 2 Appointed as a member of the Committee w.e.f 26th October, 2016



REPORT ON CORPORATE GOVERNANCE

Independent Director Meeting

The meeting of the Independent Directors was held on 23rd January, 2017 without the attendance of Non-Independent Directors and members of management to inter-alia

- i. review the performance of Non-Independent Directors and the Board as a whole;
- ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- iii. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance evaluation of Independent Directors

The performance evaluation of Independent Directors is to be done by the entire Board of Directors except the Director which is being evaluated. The criterion for the evaluation of performance is laid down in the Nomination and Remuneration policy. The evaluation of the performance is being done on an annual basis of the following Independent Directors Mr. T.V. Rao, Mr. Venkatesh Srinivasan and Mr. Vijaya Bhaskar.

DISCLOSURES

a) Related Party Disclosure

As required by the Accounting Standard AS-18, the details of Related Party Transactions are given in Note 5 to the Annual Accounts.

With regard to information on related party transactions, whenever applicable, the Audit Committee is presented with the following information, wherever applicable

- ▶ A statement in summary form of transactions with related parties in the ordinary course of business.
- ▶ Details of material individual transactions with related parties which are not in the normal course of business.
- ▶ Details of material individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same.

b) Disclosure of Accounting Treatment in Preparation of Financial Statements

In preparation of financial statements a treatment different from that prescribed in an Accounting Standards has been followed, the fact shall be disclosed in the financial statements, together with the management's explanation as to why it believes such alternative treatment is more representative of the true and fair view of the underlying business transaction in the Corporate Governance Report.

Audit Qualifications

The Company's Financial Statements are free from any qualifications by the Auditors and Company continues to adopt best practices to move towards a regime of Unqualified Financial Statements.

Management Discussion and Analysis

The Directors Report contains the details of Management Discussion and Analysis.

Disclosures by Management to the Board

All details on the financial and commercial transactions where Directors may have a potential interest are provided to the Board. The interested Directors neither participate in the discussion nor vote on such matters.

Means of Communication

The effective communication of information is considered to be very essential component of Corporate Governance. The Company interact with its shareholders through various means of communication i.e., Print Media, Company's Website, Annual Report etc.



REPORT ON CORPORATE GOVERNANCE

Half Yearly/ Annual results:

The half yearly & annual audited results are forthwith sent to the stock exchanges where the Company's shares are listed after they are approved by the Board of Directors. The results of the Company are published in at least one national. The financial results are also displayed on the Company's website.

Green Initiative

As a responsible Corporate citizen, the Company welcome the Green Initiative by sending the communications/documents including Notices for General Meeting and Annual Reports from time to time in electronic mode to those members who have provided their e-mail addresses.

Shareholders who have not registered their e-mail addresses are requested to register/update their e-mail addresses in respect of equity shares held by them.

▶ **Appointment/ Re-appointment of Directors**

Pursuant to the Articles of Association of the Company, at every Annual General Meeting of the Company, one-third of the Directors are eligible to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retire from office.

Ms. Shilpa Pophale retires at this Annual General Meeting and being eligible offers herself for re-election.

▶ **Issuance of Debentures**

The company has issued 529 subordinated, rated, taxable, transferable, redeemable, non-convertible debentures on Private Placement basis.

▶ **Compliance with the Corporate Governance Voluntary Guidelines 2009**

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009 ("the Guidelines"). Through the Guidelines, MCA clarified that they were prepared for consideration and adoption by Corporates on a voluntary basis with the objective of enhancing stakeholder value. The Company has been transparent in its working and believes in good Corporate Governance and has therefore made efforts to adopt the best practices that have evolved over the past 26 years. It will always be the Company's endeavour to strive for excellence in Corporate Governance.



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The Power of One

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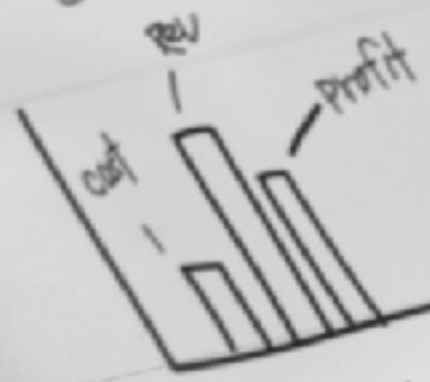
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84% conversion rate

Costs : $\frac{\$42,000}{}$
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89%

Upcoming Campaign



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INDEPENDENT AUDITORS' REPORT

To The Members of Electronica Finance Limited

Report on the Financial Statements

- 1 We have audited the accompanying financial statements of Electronica Finance Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

- 2 The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

- 4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

- 6 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the notes there on give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 7 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-I a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.



INDEPENDENT AUDITORS' REPORT

8 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 purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of written representations received from the directors as on March 31, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- (f) with respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-II; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) amendment rules, 2017 in our opinion and to the best of our information and according to the explanations given to us
 - (a) There were no pending litigations which would impact the financial position of the Company
 - (b) The Company does not have long term contracts including derivative contracts for which there were any material foreseeable losses, and
 - (c) There has been no delay in transferring amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - (d) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For M. P. Chitale & Co.,
 Chartered Accountants
 F. R. No. : 101851W

D. N. Bapat
 Partner
 M. No.: 115394

Place : Pune
Date : 12th May, 2017



ANNEXURE - I TO THE INDEPENDENT AUDITORS REPORT

The Annexure referred to in paragraph 7 of the Independent Auditor's Report of even date to the members of Electronica Finance Limited on the financial statements as of and for the year ended March 31, 2017, we report that:

1 Fixed Assets

- The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.
- The fixed assets have been physically verified by the management at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- The title deeds of the immovable properties are held in the name of the company.

2 Inventories

The Company did not have any inventory during the year ended as on March 31, 2017. Consequently, the provisions of clause 3(ii) of the Order are not applicable to the company.

3 Loans Granted

The Company has not granted any loans, secured or unsecured loans to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

4 Loans to Directors and Investments by Company

In our opinion and according to the information and explanations given to us, the Company has complied with the provision of Section 185 and 186 of the Act.

5 Acceptance of Deposits

The Company has not accepted any public deposits during the year.

6 Maintenance of Cost Records

The Central Government has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the company.

7 Deposit of Statutory Dues

- According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. There are no undisputed statutory dues outstanding as at March 31, 2017 for a period of more than six months from the date they became payable.
- According to the information and explanations given to us the following amounts have not been deposited as on March 31, 2017 on account of any dispute.

Sr. No.	Particulars	Amount in lakhs
1.	Show cause notice received from Deputy / Assistant Commissioner - Service Tax.	1.86
Total		1.86

8 Default in Repayment of Loans/Borrowings

Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders.

9 Application of Initial Public Offer/further Public Offer and Term Loans

In our opinion and according to the information and explanations given to us, no amount has been raised by way of initial public offering or further public offering. The Company has issued Secured, non-convertible, redeemable debentures of ₹ 5290 Lakh during the year. The proceeds of the NCD and term loans obtained have been applied for the purpose for which they were raised.

**10 Fraud Reporting**

Based upon the audit procedures and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11 Requisite Approval for Managerial Remuneration

On the basis of examination of the records of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12 Nidhi Rules - Ratio

The Company is not a Nidhi Company. Consequently, the provisions of clause 3 (xii) of the Order are not applicable to the Company.

13 Transactions with Related Parties

On the basis of our examination of the books of account of the Company and on the basis of information and explanations given to us, the transactions entered into by the Company with the related parties are in compliance with Section 177 and 188 of the Act and the same are disclosed in the financial statements as required by the applicable Accounting Standards.

14 Preferential Allotment / Private Placement of Shares / Fully or Partly Convertible Debentures

The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.

15 Non-Cash transactions with Directors

On the basis of our examination of records of the Company and according to the information and explanations given to us, we are of the opinion that the Company has not entered into any non-cash transactions with directors or persons connected with him.

16 Registration with RBI

The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934, and the Company has obtained the certificate of registration from RBI under Registration Number B-13.01093 dated 13th November, 1998.

For M. P. Chitale & Co.,

Chartered Accountants

F.R. No. : 101851W

D. N. Bapat

Partner

M. No.: 115394

Place : Pune

Date : 12th May, 2017



ANNEXURE – II TO THE INDEPENDENT AUDITORS REPORT

The Annexure referred to in paragraph 8(f) of the Independent Auditor's Report of even date to the members of Electronica Finance Limited.

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

To the Members of Electronica Finance Limited,

- 1 We have audited the internal financial controls over financial reporting of Electronica Finance Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

- 2 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 (the "Guidance Note"). 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

- 3 Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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

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



Inherent Limitations of Internal Financial Controls Over Financial Reporting

- 5 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

- 6 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, 2017, 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 M. P. Chitale & Co.,
Chartered Accountants
F.R. No. : 101851W

D. N. Bapat
Partner
M. No.: 115394

Place : Pune
Date : 12th May, 2017



(₹.IN LAKHS)

Particulars	Note	Figures as at the end of current reporting period ending on March 31, 2017	Figures as at the end of previous reporting period ending on March 31, 2016
I. Equity and Liabilities			
1 Shareholders' Funds			
a. Share Capital	1	2,211.07	2,211.07
b. Reserves and Surplus	2	10,059.17	7,780.27
		12,270.24	9,991.34
2 Non-Current Liabilities			
a. Long-Term Borrowings	3	52,193.40	41,115.38
b. Deferred Tax Liabilities (Net)	4	119.36	72.97
c. Long-Term Provisions	5	1,133.47	1,376.96
		53,446.23	42,565.31
3 Current Liabilities			
a. Short-Term Borrowings	6	96.37	1,715.92
b. Trade Payables	7	54.48	86.29
c. Other Current Liabilities	8	29,637.91	25,775.72
d. Short-Term Provisions	9	423.98	554.13
		30,212.74	28,132.06
TOTAL		95,929.21	80,688.71
II. Assets			
1 Non-Current Assets			
a. Fixed Assets			
i. Tangible Assets	10	2,923.80	2,036.90
ii. Intangible Assets	11	174.58	163.65
b. Non-Current Investments	12	2.27	2.27
c. Long-Term Loans and Advances	13	53,650.47	45,718.71
d. Other Non-Current Assets	14	781.75	1,102.38
		57,532.87	49,023.91
2 Current Assets			
a. Current Investments	15	5,900.00	3,300.00
b. Trade Receivables	16	713.72	614.36
c. Cash and Cash Equivalents	17	4,184.64	4,290.88
d. Short-Term Loans and Advances	18	24,642.17	20,854.50
e. Other Current Assets	19	2,955.81	2,605.06
		38,396.34	31,664.80
TOTAL		95,929.21	80,688.71

Contingent Liabilities and Commitments
Notes to Accounts

25
Part - B, C and D

The notes referred to above and accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For M. P. Chitale & Co.
Chartered Accountants,
Firms Registration No. 101851W

D. N. Bapat
Partner (Membership No. 115394)

Date : 12th May, 2017
Place : Pune

For and on Behalf of Board of Directors

Mr. S.R.Pophale
Chairman
(DIN:00393859)

Mr. Sudeep Bhatia
Chief Financial Officer

Ms. Shilpa S. Pophale
Managing Director
(DIN:00182457)

Ms. Khwahish Rawal
Company Secretary

27TH ANNUAL REPORT 2016-17**STATEMENT OF PROFIT & LOSS**

FOR THE YEAR ENDED March 31, 2017



(₹.IN LAKHS)

Particulars	Note	Figures as at the end of current reporting period ending on March 31, 2017	Figures as at the end of previous reporting period ending on March 31, 2016
Revenue			
I. Revenue from Operations	20	11,664.80	9,800.64
II. Other Income	21	904.70	1,097.46
III. Total Revenue (I+II)		12,569.50	10,898.10
Expenses			
Employee Benefits Expense	22	2,580.72	2,126.18
Finance Costs	23	5,687.45	4,442.13
Depreciation and Amortization Expense	10 & 11	179.05	171.77
Other expenses	24	1,839.17	1,982.96
IV Total Expenses		10,286.39	8,723.04
V Profit Before Exceptional and Extraordinary Items and Tax (III. - IV.)		2,283.11	2,175.06
VI. Exceptional / Extraordinary Items		-	-
VII. Profit before tax (V. - VI.)		2,283.11	2,175.06
VIII. Tax Expense			
i. Current tax		832.00	850.00
ii. Earlier years tax - Expense / (Saving)		(15.98)	(3.93)
iii. Deferred tax Expense / (Saving)		46.39	(31.04)
		862.41	815.03
IX. Profit / (Loss) for the period from continuing Operations (VII. - VIII.)		1,420.70	1,360.03
X. Profit / (Loss) for the period		1,420.70	1,360.03
Earnings per equity share			
Basic & Diluted EPS (on Face Value of Rs.10 Each)		₹ 6.43	₹ 6.15
Notes to Accounts	Part - B, C and D		

FINANCIAL STATEMENTS

The notes referred to above and accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For M. P. Chitale & Co.

Chartered Accountants,
Firm Registration No. 101851W

D. N. Bapat

Partner (Membership No. 115394)

Date : 12th May, 2017

Place : Pune

For and on Behalf of Board of Directors

Mr. S.R.Pophale

Chairman
(DIN:00393859)

Mr. Sudeep Bhatia

Chief Financial Officer

Ms. Shilpa S. Pophale

Managing Director
(DIN:00182457)

Ms. Khwahish Rawal

Company Secretary



CASHFLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(₹. IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31, 2017		Figures as at the end of previous reporting period ending on March 31, 2016	
A. Cash Flow From Operating Activities				
Net Profit Before Taxation & Extraordinary items		2,283.11		2,175.06
Adjustments for:				
Depreciation	179.05		171.77	
Loss / (Profit) on Sale of Fixed Assets	23.65		-	
General Provision on Standard Assets	63.50		63.34	
Dividend Income	(0.08)		(0.08)	
Interest	(363.39)	(97.27)	(1,180.31)	(945.29)
Operating Profit Before Working Capital Changes		2,185.84		1,229.77
Movements in Working Capital				
Increase (Decrease) in Trade Payables	(31.81)		65.76	
Increase (Decrease) in Long Term Provisions	(306.99)		195.46	
Increase (Decrease) in Short Term Provisions	(130.16)		149.66	
Increase (Decrease) in Other Current Liabilities	3,675.03		(663.25)	
Decrease (Increase) in Trade Receivables	(99.36)		2.69	
Decrease (Increase) in Long Term Loans & Advances	(7,931.76)		(16,270.18)	
Decrease (Increase) in Short Term Loans & Advances	(3,787.66)		2,508.34	
Decrease (Increase) in Other Current Assets	(350.74)		2,596.80	
Decrease (Increase) in Other Non-current Assets	320.63	(8,642.82)	(402.04)	(11,816.76)
Cash Generated from Operations		(6,456.98)		(10,586.99)
Direct Taxes Paid (Net of Refunds)		(816.02)		(846.07)
Cash Flow Before Extraordinary Items		(7,273.00)		(11,433.06)
Extraordinary Items		-		-
Net Cash Flow from Operating Activities		(7,273.00)		(11,433.06)
B. Cash Flow From Investing Activities				
Purchase of Fixed Assets	(178.78)		(234.46)	
Proceeds of Sale of Fixed Assets	123.60		106.54	
Proceeds of Sale of Investments	-		(0.39)	
Purchase of Investments	(2,600.00)		(3,300.00)	
Interest Received	363.39		1,180.31	
Dividend Received	0.08		0.08	
Net Cash Flow from Investing Activities		(2,291.71)		(2,247.92)
C. Cash Flow From Financing Activities				
Proceeds from (Repayments of) Long Term Borrowings	11,078.02		8,346.21	
Proceeds from (Repayments of) Short Term Borrowings	(1,619.55)		(901.16)	
Net Cash Flow from Financing Activities		9,458.47		7,445.05

**CASHFLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2017

(₹. IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31, 2017		Figures as at the end of previous reporting period ending on March 31, 2016	
Net Increase (Decrease) in Cash & Cash Equivalents (A+B+C)		(106.24)		(6,235.93)
Cash & Cash Equivalents as beginning of the Year		4,290.88		10,526.81
Cash & Cash Equivalents as at end of the Year		4,184.64		4,290.88
Components of Cash & Cash Equivalents as at end of the Year				
Cash, Cheques & Stamps in Hand	11.65		10.53	
Balance with Banks				
- in Current Accounts	766.12		119.49	
- in Cash Credit Accounts	984.02		-	
- in Deposit Accounts	2,370.60		4,105.31	
- Funds in transit	-		8.59	
- on Margin Accounts	52.25	4,184.64	46.96	4,290.88

Notes :

1. The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard (AS) - 3 'Cash Flow Statement' notified pursuant to the Companies (Accounts) Rules, 2014 (as amended).
2. All figures in brackets indicate outflow.
3. Direct Tax paid is treated as arising from operating activities and is not bifurcated between investing and financing activity.
4. Previous year figures referred above are not necessarily comparable in view of regrouping of the same.

As per our report of even date attached

For M. P. Chitale & Co.Chartered Accountants,
Firm Registration No. 101851W**D. N. Bapat**Partner
(Membership No. 115394)**Date** : 12th May, 2017**Place** : Pune**For and on Behalf of Board of Directors****Mr. S.R.Pophale**Chairman
(DIN:00393859)**Mr. Sudeep Bhatia**

Chief Financial Officer

Ms. Shilpa S. PophaleManaging Director
(DIN:00182457)**Ms. Khwahish Rawal**

Company Secretary



Note No.1 - Share Capital

(₹. IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31, 2017		Figures as at the end of previous reporting period ending on March 31, 2016	
	No. of Shares (In Lakhs)	Amount (In Lakhs)	No. of Shares (In Lakhs)	Amount (In Lakhs)
Share Capital (No.s in Lakhs):				
Authorized :		3,000.00		3,000.00
300 (Previous Year 300) Equity Shares of Rs.10/- each		3,000.00		3,000.00
Issued, Subscribed and Fully Paid-up:				
221.11 (Previous Year 221.11) Equity Shares of Rs.10/- each		2,211.07		2,211.07
TOTAL		2,211.07		2,211.07

a. Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.

Particulars	Figures as at the end of current reporting period ending on March 31, 2017		Figures as at the end of previous reporting period ending on March 31, 2016	
	No. of Shares (In Lakhs)	Amount (In Lakhs)	No. of Shares (In Lakhs)	Amount (In Lakhs)
Shares outstanding at the beginning of the period	221.11	2,211.07	221.11	2,211.07
Issued during the period	-	-	-	-
Shares outstanding at the end of the period	221.11	2,211.07	221.11	2,211.07

b. Terms / rights attached to equity shares

The Company has only one class of equity shares, having a par value of ₹10/- per share. Each holder of equity share is entitled to one vote per share and has a right to receive dividend as recommended by the Board of Directors, subject to the necessary approval from the shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

For the year ended March 31, 2017 the Board of Directors have proposed final dividend of ₹ 0.70/- per share subject to shareholders' approval.

c. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

Particulars	Figures as at the end of current reporting period ending on March 31, 2017		Figures as at the end of previous reporting period ending on March 31, 2016	
	No. of Shares (In Lakhs)	% holding	No. of Shares (In Lakhs)	% holding
Total number of Bonus Shares		176.89		176.89

d. Shareholders holding more than 5% equity shares in the company

Particulars	Figures as at the end of current reporting period ending on March 31, 2017		Figures as at the end of previous reporting period ending on March 31, 2016	
	No. of Shares (In Lakhs)	% holding	No. of Shares (In Lakhs)	% holding
Equity Shares of Rs. 10 each				
Electronica Industries Limited	105.17	47.57%	105.17	47.57%
Mugdha Investment & Finance Private Limited	95.47	43.18%	86.26	39.01%



Note No.2 - Reserve and Surplus

(₹. IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31, 2017	Figures as at the end of previous reporting period ending on March 31, 2016
(a) Capital Reserves	6.76	6.76
(b) Capital Redemption Reserve	4.89	4.89
(c) Securities Premium Reserve	54.16	54.16
(d) General Reserve	259.79	259.79
(e) Revaluation Reserve		
At the beginning of the Accounting Period	843.89	859.12
Additions during the Accounting Period	1,060.69	-
Deduct : Depreciation for the Period	15.33	15.23
At the end of the Accounting Period	1,889.25	843.89
(f) Statutory Reserve		
At the beginning of the Accounting Period	1,792.93	1,520.92
Additions during the Accounting Period	284.13	272.01
At the end of the Accounting Period	2,077.06	1,792.93
(g) Surplus		
At the beginning of the Accounting Period	4,817.85	3,729.83
Additions during the accounting Period - Profit after Tax	1,420.70	1,360.03
Balance available for appropriation	6,238.55	5,089.86
Deduct : Allocations and Appropriations		
- Transfer to Statutory Reserve	284.13	272.01
- Proposed Dividend	154.77	-
- Dividend Distribution Tax	32.39	-
At the end of the Accounting Period	5,767.26	4,817.85
TOTAL	10,059.17	7,780.27

NOTES TO FINANCIAL STATEMENTS

PART - A

Note No.3 - Long Term Borrowings

(₹ IN LAKHS)

Particulars	Non-Current		Current *	
	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Secured				
Debentures				
- Non-convertible, redeemable debentures	5,290.00	-	-	-
Term Loans from				
- Banks	11,660.73	13,457.15	13,870.58	14,807.55
- Other Parties/Financial Institutions	5,323.89	1,861.58	5,075.12	1,366.81
TOTAL	22,274.62	15,318.73	18,945.70	16,174.36
Unsecured				
1 Security Deposit from Customers (against Loans / Hire Purchase Transactions)	2,799.38	8,389.71	3,656.45	4,263.98
2 Cash Collateral (against Loans / Hire Purchase Transactions)	24,231.34	13,952.34	1,827.89	439.83
3 Subordinated Debt from				
- Banks	23.81	119.09	95.24	295.24
- NBFC	1,700.00	2,100.00	400.00	400.00
- Customers	1,164.25	1,235.51	-	-
TOTAL	29,918.78	25,796.65	5,979.58	5,399.05
TOTAL	52,193.40	41,115.38	24,925.28	21,573.41

* Current maturities of long term debts have been reported separately under 'Note-8'.

I. Secured Loans

Non-convertible, redeemable debentures

Non-convertible debentures of ₹ 5290 Lakhs issued to AAV Sarl Symbiotics Singapore Pte. Ltd. are repayable at the end of the 48th month in a single installment and carry interest rate of 10.95% p.a.

II. Term Loans

From Banks

Term Loans from banks have been secured by hypothecation of specific Term Loan receivables, underlying assets and mortgage of premises owned by the Company along with hypothecation of Furniture & Fixture and Cash Collateral in the form of FD lien. They are repayable in 59 installments, with balance maturity ranging between 1 to 48 months. Term Loans having sanctioned limits of ₹ 48,940.00 Lakhs (balance ₹ 25,531.32 Lakhs) are further secured by personal gurantee of directors of the company.

From others

All other term loans from Financial Institutions and NBFCs are secured by hypothecation of specific Term Loan receivables and underlying assets. The maturity of these loans ranges between 1 to 60 months. Some of the term loans have been secured by Cash Collateral in the form of FD lien marked in favor of the lending bank.

III. Unsecured Loans

Security Deposit From Customers

Security Deposits from the borrowers is a normal part of business operations and their adjustment / refund is generally scheduled to coincide with the respective Term Loan / Hire Purchase agreements. This includes security deposits of ₹ 6,712.82 Lakhs from customers held in trust for the assignees / trustees of the assigned / securitized assets.

**IV. Subordinated Debt****From Banks**

₹ 500 Lakhs granted by IDBI Bank to form a part of Tier II capital, is repayable in 21 equated quarterly installments with balance maturity of 5 equated quarterly installments.

From NBFCs

₹ 2500 Lakhs NCD issued to IFMR Capital Finance Private Limited to form part of Tier II capital is repayable in 66 months. The balance of ₹ 2100 Lakhs is repayable over the next 54 months. The NCD carries interest rate of 14.5% p.a.

From Others

Subordinated Bond issued are repayable after 63 months and carry interest ranging between 7% to 10% p.a. with balance maturity over 26 to 35 months.

Note No.4 - Deferred Tax Liabilities (Net)**(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Deferred Tax Liabilities		
Impact of difference between Tax Depreciation and Depreciation / Amortization charged for the period	140.94	107.94
Deferred Tax Assets		
Impact of Expenditure charged to statement of profit & loss in the current period but allowed for tax calculations on payment basis:		
- Leave Encashment	1.55	11.94
- Bonus	5.53	5.10
- Gratuity	14.50	17.93
Total Deferred Tax Assets	21.58	34.97
Deferred Tax Liabilities (Net)	119.36	72.97

Note No.5 - Long Term Provisions**(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Provision for employee benefits		
- For Gratuity & Leave Encashment	43.69	86.31
Interest Accrued but not due on Security Deposits		
- falling due after 12 months *	826.98	1,091.35
Contingent Provision against Standard Assets	262.80	199.30
TOTAL	1,133.47	1,376.96

* Interest accrued but falling due within 12 months has been reported separately under 'Note-8'.

**NOTES TO FINANCIAL STATEMENTS**

PART - A

Note No.6 - Short Term Borrowings

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Secured Loans From Banks	-	1,626.24
(Cash Credit facilities secured against hypothecation of Stock and Book-Debts)		
Loans and Advances from Related Parties		
Short Term Deposits from Directors and Relatives	96.37	89.68
GRAND TOTAL	96.37	1,715.92

Cash Credit Facilities are secured by hypothecation of inventories and book-debts and are further backed by collateral security of the Immovable properties of the Company and personal guarantee of the Managing Director and the same are repayable on demand. Debit balance in Cash Credit Facilities is presented under Cash and Cash Equivalents in 'Note-17'.

Note No.7 - Trade Payables

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Creditors for Purchases	54.48	86.29
TOTAL	54.48	86.29

Note No.8 - Other Current Liabilities

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Current Maturities of Long Term Debts *	24,925.28	21,573.41
Interest Accrued but not due on Security Deposits - falling due within 12 months **	501.98	769.65
Interest Accrued but not due on borrowings	142.50	73.95
Interest Accrued and due on borrowings	70.07	99.69
TDS Payable	105.68	130.88
Service Tax / Vat Payable	31.59	25.70
Payable to Assignees for Direct Assignment	122.50	161.65
Payable to Trustees for Securitization	454.41	572.75
Other Current Liabilities	2.99	1.93
Advances received from Customers	2,970.90	2,217.91
Insurance Charges collected in advance	122.85	138.33
Credit Balance in Current Account with Banks	-	9.87
Proposed Dividend	154.77	-
Dividend Distribuutaion Tax	32.39	-
TOTAL	29,637.91	25,775.72

*Non current maturities of long term debts have been reported separately under 'Note-3'.

Includes WCDL of ₹ 2,300.00 Lakhs (P.Y. ₹ 2,322.02 Lakhs).The Loans are secured by hypothecation of HP receivables and mortgage charge on the in movable property of company. Loans of ₹ 500.00 Lakhs (P.Y. ₹ 505.90 Lakhs) are also secured by Personal guarantee of Directors of the Company.

** Interest accrued but not due within 12 months has been reported separately under 'Note-5'.

**Note No.9 - Short Term Provisions****(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Short-Term Provisions		
- Provisions For Employee Benefits	2.69	14.74
- for Other Expenses	103.47	59.64
Income Tax Provision (Net) *	317.82	479.75
TOTAL	423.98	554.13
* Income Tax (net) consists of		
Income Tax Provision - Current Year	832.00	850.00
Less :		
TDS / TCS	205.46	155.09
Current Year's Advance Tax	150.00	120.00
Prior Year's Tax & TDS / Refund due	158.72	95.16
TOTAL	317.82	479.75

NOTES TO FINANCIAL STATEMENTS

PART - A

Note No.10 - Tangible Assets

(₹ IN LAKHS)

Particulars	Land	Building	Plant & Machinery	Computers	Office Equipments	Furniture & Fixture	Vehicles	Total
Gross Block								
Opg. Bal. as on 01-04-2015	77.43	1,544.64	227.44	228.65	165.09	270.20	84.39	2,597.84
Revaluation	-	-	-	-	-	-	-	-
Additions	-	82.01	-	21.18	41.38	42.42	-	186.99
Disposals	77.43	28.98	-	0.40	-	-	-	106.81
Clg. Bal. as on 31-03-2016	-	1,597.67	227.44	249.43	206.47	312.62	84.39	2,678.02
Revaluation	-	1,060.69	-	-	-	-	-	1,060.69
Additions	-	-	-	23.34	27.34	62.39	-	113.07
Disposals	-	118.81	42.00	0.12	0.94	-	-	161.87
Recoupment / Adjustments	-	-	-	211.67	71.71	53.38	-	336.76
Clg. Bal. as on 31-03-2017	-	2,539.55	185.44	60.98	161.16	321.63	84.39	3,353.15
Depreciation								
Opg. Bal. as on 01-04-2015	-	119.12	29.37	176.75	66.14	76.54	27.28	495.20
Charge for the year	-	9.63	14.89	28.04	34.24	33.17	10.99	130.96
Revaluation Part	-	15.23	-	-	-	-	-	15.23
Disposals	-	-	-	0.27	-	-	-	0.27
Clg. Bal. as on 31-03-2016	-	143.98	44.26	204.52	100.38	109.71	38.27	641.12
Charge for the year	-	10.63	12.86	23.32	35.53	33.53	10.61	126.48
Revaluation Part	-	15.33	-	-	-	-	-	15.33
Disposals	-	6.15	10.65	0.02	-	-	-	16.82
Recoupment / Adjustments	-	-	-	211.67	71.71	53.38	-	336.76
Clg. Bal. as on 31-03-2017	-	163.79	46.47	16.15	64.20	89.86	48.88	429.35
Net Block								
As on 31-03-2016	-	1,453.69	183.18	44.91	106.09	202.91	46.12	2,036.90
As on 31-03-2017	-	2,375.76	138.97	44.83	96.96	231.77	35.51	2,923.80



Note No.11 - Intangible Assets

(₹ IN LAKHS)

Particulars	SOFTWARE	TOTAL
Gross Block		
Opg. Bal. as on 01-04-2015	238.68	238.68
Additions	47.48	47.48
Other Adjustment	-	-
Disposal	-	-
Clg. Bal. as on 31-03-2016	286.16	286.16
Additions	65.71	65.71
Other Adjustment	-	-
Disposal	2.20	2.20
Clg. Bal. as on 31-03-2017	349.67	349.67
Depreciation		
Opg. Bal. as on 01-04-2015	81.69	81.69
Charge for the year	40.82	40.82
Depreciation on Disposal	-	-
Clg. Bal. as on 31-03-2016	122.51	122.51
Charge for the year	52.58	52.58
Depreciation on Disposal	-	-
Clg. Bal. as on 31-03-2017	175.09	175.09
Net Block		
As on 31-03-2016	163.65	163.65
As on 31-03-2017	174.58	174.58

Note No.12 - Non - Current Investments

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31, 2017	Figures as at the end of previous reporting period ending on March 31, 2016
Investment in Shares		
Quoted Equity Shares	1.17	1.17
(Market Value as on March 31, 2017 Rs.6.65 Lakhs)		
Unquoted Non Trade Shares	1.10	1.10
TOTAL	2.27	2.27

NOTES TO FINANCIAL STATEMENTS

PART - A

Note No.13 - Long Term Loans and Advances

(₹ IN LAKHS)

Particulars	Non-Current		Current *	
	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
I. Other Loans for Asset Finance Activities				
A. Secured, considered good				
Term Loans **				
a. Repossessed Assets	-	-	23.53	808.25
b. Sundry Debtors				
i. Outstanding for more than 4 Months (P.Y. 5 months or more)	-	-	1,375.17	1,189.72
ii. Other Debtors	50,149.36	43,294.95	22,377.25	17,880.96
c. Provision for Non Performing Assets ***	-	-	(242.39)	(211.64)
TOTAL (A)	50,149.36	43,294.95	23,533.56	19,667.29
B. Unsecured, considered good				
Under Co-branding Arrangement				
Sundry Debtors				
i. Outstanding for more than 6 Months	-	-	-	-
ii. Other Debtors	3,439.75	2,374.17	1,062.37	712.64
TOTAL (B)	3,439.75	2,374.17	1,062.37	712.64
SUB-TOTAL (A+B)	53,589.11	45,669.12	24,595.93	20,379.93
II. Unsecured, considered good				
" Security Deposits with Landlords / Service Providers"	61.36	49.59	14.41	14.41
TOTAL	53,650.47	45,718.71	24,610.34	20,394.34

* Loans and Advances maturing within 12 months have been reported separately under 'Note-18'.

** Term loans as on March 31, 2017 exclude ₹ 5,322.18 Lakhs (Previous year - ₹ 3,318.76 Lakhs) in respect of agreements assigned to various bankers under bilateral agreements of direct assignment and ₹ 8,069.81 Lakhs (Previous year - ₹ 7,661.89 Lakhs) in respect of agreements securitized with the trustees. However, the individual agreements still continue to be in the system of the company for administrative purposes as the company is acting as a servicing agent for and on behalf of all the Assignees (Banks) and Trustees.

*** The provision for non-performing assets is made after notionally adjusting the value of security deposit held together with interest accrued thereon without actually giving effect of the same in the books of accounts."

Note No.14 - Other Non - Current Assets

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Hire Purchase Stock maturing after 12 months	781.75	1,102.38
TOTAL	781.75	1,102.38

Note No.15 - Current Investments

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Investment in Mutual Funds	5,900.00	3,300.00
TOTAL	5,900.00	3,300.00

Note No.16 - Trade Receivables

(₹ IN LAKHS)

Particulars	Non-Current		Current	
	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Stock on hire including hire charges under Sundry Debtors : (Secured considered good)				
Sundry Debtors				
i) Outstanding for more than 6 Months (P.Y. 9 months)	-	-	112.43	-
ii) Other Debtors	781.75	1,102.38	621.68	614.36
Provision for Non Performing Assets	-	-	(20.39)	-
TOTAL	781.75	1,102.38	713.72	614.36
Less : Shown under Other Non-Current Assets in Note No. 14 "	781.75	1,102.38	-	-
TOTAL	-	-	713.72	614.36

Note No.17 - Cash & Cash Equivalents

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Cash and Cash Equivalents :		
(a) Balance with Banks		
In Fixed Deposits :		
(i) Earmarked Balances		
- within 12 months	1,710.46	415.68
- more than 12 Months	660.14	3,689.63
(ii) Others	52.25	46.96
In Current Accounts	766.12	119.49
In Cash Credit Accounts	984.02	-
(b) Cash in hand	1.53	3.82
(c) Stamps in hand	10.12	6.71
(d) Funds in Transit	-	8.59
TOTAL	4,184.64	4,290.88

**NOTES TO FINANCIAL STATEMENTS**

PART - A

Note No.18 - Short Term Loans & Advances

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
A. Secured, considered good		
Current Maturity of Term Loan Debtors	23,533.56	19,667.29
B Unsecured, considered good		
Current Maturity of Term Loan Co-branding	1,062.37	712.64
Deposits	14.41	14.41
Advance for expenses / salary	31.83	29.45
Others - Inter Corporate Deposits Placed	-	430.71
TOTAL	24,642.17	20,854.50

Note No. 19 - Other Current Assets

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Other Current Assets:		
Prepaid Expenses	21.88	10.71
Other Receivables	60.11	11.25
Advances Recoverable	278.46	9.91
Principal Acceleration - Assignment / Securitisation	807.13	1,279.14
Advance to Vendors	108.59	121.22
Advance to Co-Branding Partner	693.40	268.61
Interest Accrued but not Due	601.24	519.57
Stock in Trade - Entertainment Activity	4.08	3.73
Asset Acquired in Satisfaction of Debts	380.92	380.92
TOTAL	2,955.81	2,605.06

**Note No.20 - Revenue From Operations****(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Revenue From Operations		
Interest on Term Loans	9,337.34	7,424.60
Excess Interest Spread of Assignment Agreements	72.32	56.88
Excess Interest Spread of Securitization Agreements	461.91	569.20
Hire Purchase Charges	201.79	195.34
Interest from Co-branding Arrangement	99.09	128.37
Interest on ICDs	20.95	39.78
Interest Others - Pre-EMI / Rent	122.60	119.93
Management Fees & Administration Charges	718.47	593.20
Penal Charges	214.13	173.28
Prepayment Charges	116.79	217.05
Receipts from Entertainment Activity	4.64	9.30
Discount Received from Insurance Partners	294.77	273.71
TOTAL	11,664.80	9,800.64

Note No.21 - Other Income**(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Other Income		
Dividend	0.08	0.08
Recovery of Bad Debts	53.74	30.60
Other Non-Operating Income	175.24	231.63
Interest on Bank Deposits	305.34	590.16
Income on Investments	58.05	0.17
Credit balance written back	137.42	199.60
Infrastructure Charges received	75.79	45.19
Profit on sale of Fixed Asset	99.04	0.03
TOTAL	904.70	1,097.46

**NOTES TO FINANCIAL STATEMENTS**

PART - A

Note No.22 - Employee Benefits Expenses**(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Staff Salary	2,172.00	1,751.35
Contribution to Provident and Other Funds :		
- Provident Fund	82.00	83.86
- Employees State Insurance Fund	0.71	1.64
Staff Welfare Expenses	45.86	47.17
Staff Bonus	20.99	17.18
Leave with Wages	49.11	68.94
Gratuity	41.89	51.80
Directors' Remuneration	168.16	104.24
GRAND TOTAL	2,580.72	2,126.18

Note No.23 - Finance Costs**(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Interest to Banks / NBFC's / Financial Institutions	4,414.04	2,940.73
Interest on Security Deposits	804.65	1,184.60
Interest to Others	136.34	128.16
Total Interest Expenses	5,355.03	4,253.49
Bank Charges	11.55	20.04
Processing Fees	320.87	168.60
GRAND TOTAL	5,687.45	4,442.13



Note No.24 - Other Expenses

(₹ IN LAKHS)

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Other Expenses :		
Administrative Expenses		
Rent	121.03	83.78
Electricity Expenses	37.66	37.80
Insurance	40.82	26.05
Payment To The Auditors	6.00	6.50
Professional Charges	143.60	229.12
Data Entry Charges	7.61	10.40
Service Tax / Sales Tax	75.33	66.44
Telephone Expenses	74.58	62.42
Loss on Sale of Fixed Assets	23.65	-
CSR Expenditure *	30.69	21.23
Business Promotion Expenses	71.04	87.47
Directors' Sitting Fees	5.81	0.88
Other Administrative Expenses	264.65	267.42
Foreign Currency Premium	-	115.08
TOTAL	902.47	1,014.59
Selling & Distribution Expense		
Advertisement Expenses	6.18	0.75
Conference Expenses	51.88	40.20
Travelling / Conveyance Expenses	267.42	317.02
TOTAL	325.48	357.97
Loan Losses, Rebates and Provisions		
Discount / Prompt Payment Rebate	115.45	169.80
General Provision on Standard Assets	63.50	63.34
Provision for Non Performing Assets	51.14	125.18
Bad Debts / Debit Balances Written off	299.11	157.26
Loss on Sale of Repossessed Assets	82.02	94.82
TOTAL	611.22	610.40
GRAND TOTAL	1,839.17	1,982.96

* Expenditure on Corporate Social Responsibility (CSR) includes donations.

**Note No.25 - Contingent Liabilities & Commitments****(₹ IN LAKHS)**

Particulars	Figures as at the end of current reporting period ending on March 31,2017	Figures as at the end of previous reporting period ending on March 31,2016
Contingent Liabilities and Commitments (To The Extent Not Provided For)		
Contingent Liabilities		
(A) Guarantees;		
Corporate Guarantee to co branding partner	500.00	375.00
(B) Other money for which the Company is Contingently liable		
Letters of Credit	210.00	20.35
Demand Raised by Service Tax Department	1.86	1.86

For and on Behalf of Board of Directors**Mr. S.R.Pophale**Chairman
(DIN:00393859)**Ms. Shilpa S. Pophale**Managing Director
(DIN:00182457)**Mr. Sudeep Bhatia**

Chief Financial Officer

Ms. Khwahish Rawal

Company Secretary

Place : Pune**Date** : 12th May, 2017



1 Corporate Information

Electronica Finance Limited ("the Company") is a listed public company engaged mainly in business of asset financing. The Company is also engaged in Insurance co-ordination, Entertainment and other activities ancillary to the business of asset finance. The Company has obtained registration certificate (Registration Number B-13.01093) from Reserve Bank of India (RBI) as Non-Banking Finance Company under section 45 IA.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

- i. The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provision of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India as applicable to a Non-banking Finance Company.
- ii. The financial statements have been prepared under the historical cost convention on an accrual basis except for building which is carried at revalued amount.
- iii. The accounting policies applied in the preparation of the financial statements by the Company are consistent with those used in the earlier years.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

2.3 Cash and Cash Equivalents

Cash comprises cash on hand, demand deposits with banks and stamps in hand. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts.

2.4 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from Operations

- (i) Revenue from operations is generally recognized on accrual basis except in case of significant uncertainties. In case of non-performing assets, income is considered as accrued when realized. RBI guidelines in respect of Income Recognition and Asset Classification are adhered to.
- (ii) Hire Charges / Term loan interest is spread over the tenure of the respective agreements.
- (iii) Interest income on Security Deposits / Margin Money, pass through certificates, subordinate debts is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iv) In case of foreclosure of Hire Purchase / Term Loan transactions, the recovery is credited to Hire Purchase / Term Loan Stock / Debtors and the balance if any is recognized in the Statement of Profit and Loss.
- (v) Penal interest / Cheque return charges are recognized based on certainty of realization.
- (vi) Hire Purchase / Term Loan, Charges / Management fees are recognized as and when agreements are entered into.

**Revenue from Assignment / Securitization transactions**

- (i) Securitized receivables are de-recognized in the balance sheet when they are sold i.e. if they fully meet the true sale criteria.
- (ii) Gains, if any, arising on securitization of assets are recognized over the tenure of securities issued by Special Purpose Vehicles Trust ('SPV').
- (iii) The excess interest spread on the securitization transactions are recognized in the Statement of Profit and Loss only when redeemed in cash by the Company. Losses, if any, are recognized upfront.

2.5. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of the financial statements. Accordingly, assets / liabilities expected to be realized / settled within 12 months from the date of the financial statements are classified as current and other assets / liabilities are classified as non-current.

2.6 Foreign currency transactions**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate.

(iii) Exchange Differences

Exchange Differences arising on the settlement of monetary items at rate different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contract

A forward exchange contract entered into to hedge the foreign currency risk of an existing asset / liability is accounted for in accordance with Accounting Standard (AS) 11 - 'The Effects of Changes in Foreign exchange Rates' treating it as a transaction separate from the underlying transaction.

Premium / Discount between the forward rate and the spot rate at the date of the inception of the forward exchange contract is amortized as income / expense over the life of forward exchange contract.

Exchange Differences on such contracts are recognized in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

2.7 Tangible Fixed Assets

- (i) Fixed assets except building is stated at cost, less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Any trade discounts and rebates are deducted in arriving at the purchase price.
- (ii) Buildings are revalued and measured at fair value less accumulated depreciation and impairment losses, if any, recognized after the date of the revaluation. In case of subsequent revaluation of the same fixed assets, a surplus on revaluation to the extent it represents a reversal of a previous decrease arising on revaluation which has been charged to the Statement of Profit and Loss is credited to the Statement of Profit and Loss and the excess if any is credited to the revaluation reserve. A revaluation deficit is recognized in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.
- (iii) Depreciation on tangible fixed assets

Depreciation is provided using the Straight Line Method based on the useful lives of the assets prescribed under Schedule II to the Companies Act, 2013 and in the manner provided therein.



NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part B

Accordingly the useful lives considered for determining the rate of depreciation are as under:

Type of Tangible Asset	Useful Lives (No. of Years)
Building	60
Plant & Machinery	15
Computers	3
Servers & Networks	6
Office Equipments	5
Furniture & Fixtures	10
Vehicles	8

(iv) Depreciation on additions / deletions is charged on a pro-rata basis.

2.8. Intangible Assets

- (i) Intangible assets acquired separately are measured on initial recognition at cost less accumulated amortization.
- (ii) Depreciation is provided in accordance with the requirements of Accounting Standard (AS) 26 – 'Intangible Assets'. Accordingly amortization of computer software has been charged using the Straight Line Method at the rate of 16.21%.

2.9 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.10 Inventory of Stock on Hire

Stock of Hire Purchase / Term Loan Assets is valued at un-matured principal amount outstanding. Loans granted against which the company holds security deposit are shown as secured to the extent of such security deposit together with the accrued interest thereon (if any) held as at the Balance Sheet date.

2.11 Trade receivables

Trade receivables are stated net of provisions, if any, held in accounts for bad and doubtful debts except Contingent Provision for Standard Assets which is disclosed separately under long term provisions.

2.12 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Investments are stated at cost plus incidental expenses. Investments are classified as Quoted / Unquoted. Provision for diminution in the carrying cost of quoted investments is recognized in the accounts while appreciation, if any, is ignored. Provision for diminution in the carrying cost of unquoted investments, if any, is made, if in the opinion of the management such diminution is other than temporary.

2.13 Loans

Loans are stated at the amount advanced including finance charges accrued and expenses / charges recoverable, as reduced by the amounts received up to the balance sheet date and loans securitized. Assets repossessed are recognized at the net book value after adjustment of security deposit.



NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part B

2.14 Employee Benefits - Retirement and other Benefits

(i) Provident Fund

Retirement benefit in the form of Provident Fund and pension fund are defined contribution schemes and the contributions are charged to the Statement of Profit and Loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds.

(ii) Leave Encashment

Leave Encashment is recognized in the Statement of Profit and Loss, based on actuarial valuation as at the end of the accounting year which is in compliance with the requirements of Accounting Standard (AS) 15 – 'Employee Benefits' as notified by the Companies (Accounts) Rules, 2014.

(iii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are recognized in full in the period in which they occur in the statement of profit and loss which is considered to be in compliance with the requirements of Accounting Standard (AS) 15 – 'Employee Benefits' as notified by the Companies (Accounts) Rules, 2014.

2.15 Taxes on income

- (i) Current income tax is the amount of tax payable on the taxable income for the year as determined in accordance with the Income-tax Act, 1961.
- (ii) Deferred tax is recognized on timing differences, being the differences between the taxable income and accounting income for the year. The tax effect is calculated on the accumulated timing differences at the end of accounting period based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.
- (iii) Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is a virtual certainty supported by convincing evidence that there will be sufficient future taxable income to realize such assets. Other deferred tax assets are recognized if there is a reasonable certainty that there will be sufficient future taxable income to realize such assets. At each reporting date the company reassesses the unrecognized deferred tax assets and reviews the deferred tax assets recognized.

2.16 Earnings Per Share

(i) Basic Earnings per share

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by weighted average number of equity shares outstanding during the period.

(ii) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 Leases

Leases wherein the Company is the lessee which transfers substantially all the risks and benefits of ownership of the leased assets to the lessor are classified as Operating Leases. Operating lease payments are recognized in the statement of profit and loss on a straight-line basis over the lease term.

2.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Provisions & Contingent Liabilities

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources is expected to settle the obligation and in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimate.



A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.

2.20 Prudential Norms of the Reserve Bank of India

The Company follows guidelines issued by Reserve Bank of India (RBI) from time to time in respect of prudential norms for income recognition, asset classification and provisioning of non-performing assets and standard assets.

The provision for non-performing assets is made after notionally adjusting the value of security deposit held together with interest accrued thereon without actually giving effect to the same in the books of accounts.

**NOTES TO FINANCIAL STATEMENTS**

Notes forming an integral part of the Financial Statements : Part C

Disclosures as required by RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016

1 Capital to Risk Assets Ratio (CRAR)**(₹ IN LAKHS)**

Particulars	March 31, 2017	March 31, 2016
i. CRAR (%)	19.32%	20.66%
ii. CRAR – Tier I Capital (%)	15.61%	15.72%
iii. CRAR – Tier II Capital (%)	3.70%	4.94%
iv. Amount of subordinated debt raised as Tier II Capital	-	2,786.96
v. Amount raised by issue of Perpetual Debt Instruments	-	-

2 Investment**(₹ IN LAKHS)**

Category	March 31, 2017	March 31, 2016
a. Value of Investment		
(i) Gross value of Investments	5,902.27	3,302.27
(a) In India	5,902.27	3,302.27
(b) Outside India	-	-
(ii) Provision for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments	5,902.27	3,302.27
(a) In India	5,902.27	3,302.27
(b) Outside India	-	-
b. Movement of provisions held towards depreciation on investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write off/ write back of excess provision during the year	-	-
(iv) Closing Balance	-	-

**3. Disclosures relating to Securitization****3.1 Securitization / Assignment Transactions****(₹ IN LAKHS)**

Sr. No.	Particulars	Securitization	Assignment	Total
1	No. of SPVs sponsored by the NBFC for securitization transaction #	10	-	10
2	Total amount of securitized assets as per books of the SPVs	8,069.81	5,322.18	13,391.99
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	2,633.22	865.72	3,498.94
	a) Off-balance sheet exposures	-	-	-
	* First Loss	-	-	-
	* Others	-	-	-
	b) On-balance sheet exposures	2,633.22	865.72	3,498.94
	* First Loss	2,633.22	865.72	3,498.94
	* Others	-	-	-
4	Amount of exposures to securitization transaction other than MRR	461.91	72.32	534.23
	a) Off-balance sheet exposures	-	-	-
	i) Exposure to own securitizations	-	-	-
	* First Loss	-	-	-
	* Loss	-	-	-
	ii) Exposure to third party securitizations	-	-	-
	* First Loss	-	-	-
	* Others	-	-	-
	b) On-balance sheet exposures	461.91	72.32	534.23
	i) Exposure to own securities	461.91	72.32	534.23
	* First Loss	461.91	72.32	534.23
	* Others	-	-	-
	ii) Exposure to third party securitization	-	-	-
	* First Loss	-	-	-
	* Others	-	-	-

Only the SPVs relating to outstanding securitization transactions reported here.

NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part C

3.2 Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction (₹ IN LAKHS)

Particulars	March 31, 2017	March 31, 2016
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net bookvalue	-	-

3.3 Details of Assignment Transactions undertaken by the NBFC (₹ IN LAKHS)

Particulars	March 31, 2017	March 31, 2016
(i) No. of accounts	193	196
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	3,616.67	2,462.74
(iii) Aggregate consideration	3,616.67	2,462.74
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain/loss over net bookvalue	-	-

4 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ IN LAKHS)

Particulars	Year	1 day to 30/31 days (One Month)	Over one Month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Assets										
Advances	2016-17	2,025.34	2,066.02	2,154.09	6,278.90	11,893.18	37,590.30	14,417.97	3,254.71	79,680.51
	2015-16	1,464.77	1,523.61	1,604.53	4,678.87	9,136.59	31,649.68	14,312.59	3,395.15	67,765.79
Investments	2016-17	4,000.00	1,900.00	-	-	-	2.27	-	-	5,902.27
	2015-16	2,550.00	750.00	-	-	-	2.27	-	-	3,302.27
Liabilities										
*Borrowings from banks	2016-17	1,193.79	2,935.20	1,162.39	3,537.90	5,136.55	10,463.07	1,221.47	-	25,650.37
	2015-16	2,967.18	3,003.51	1,132.06	3,711.82	5,914.47	12,878.36	697.88	-	30,305.27
Market Borrowings	2016-17	562.73	807.12	1,188.07	2,634.71	5,806.84	23,049.44	16,048.56	1,370.85	51,468.32
	2015-16	353.88	460.44	352.50	1,396.66	3,907.13	15,780.79	10,193.80	1,564.56	34,009.76

*includes cash credit facilities secured against hypothecation of book debts



NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part C

5 Exposure

5.1 Exposure to real estate sector, both direct & indirect

(₹.IN LAKHS)

Category	March 31, 2017	March 31, 2016
Direct Exposure		
i. Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
ii. Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, Multi-tenanted commercial premises industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits;	9,488.45	5,260.34
iii. Investments in Mortgage Backed Securities (MBS) and other securitized exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

5.2 Exposure to Capital Market

(₹.IN LAKHS)

Particulars	March 31, 2017	March 31, 2016
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	2.27	2.27
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds /convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered).	-	-
Total Exposure to Capital Market	2.27	2.27

NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part C

6. Additional Disclosures

6.1. Provisions and Contingencies

(₹ IN LAKHS)

Breakup of Provisions and Contingencies shown under the head Expenditure in Statement of Profit & Loss	March 31, 2017	March 31, 2016
Provisions for depreciation on Investment	-	-
Provision towards NPA	51.14	125.18
Provision made towards Income Tax	832.00	850.00
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	63.50	63.34

6.2 Concentration of Deposits, Advances, Exposures and NPAs

6.2.1 Concentration of Advances

Particulars	March 31, 2017	March 31, 2016
Total Advances to twenty largest borrowers / customers (Rs. in Lakhs)	7,265.27	5,501.81
Percentage of Advances to twenty largest borrowers / customers to Total Advances	9.12%	8.12%

6.2.2 Concentration of Exposures

Particulars	March 31, 2017	March 31, 2016
Total Exposure to twenty largest borrowers / customers (Rs. in Lakhs)	4,856.56	4,280.98
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers/ customers	6.20%	6.32%

6.2.3 Concentration of NPAs

(₹ IN LAKHS)

Particulars	March 31, 2017	March 31, 2016
Total Exposure to top four NPA accounts as at March 31, 2017	674.18	802.60

6.2.4 Sector-wise NPAs

		Percentage of NPAs to Total Advances in that Sector	
Sr. No.	Sector	March 31, 2017	March 31, 2016
I.	Agriculture & allied activities	-	-
II.	MSME	2.22%	2.55%
III.	Corporate borrowers	-	-
IV.	Services	-	-
V.	Unsecured personal loans	-	-
VI.	Auto loans	-	-
VII.	Other personal loans	-	-

**6.2.5 Movement of NPAs****(₹ IN LAKHS)**

Particulars	March 31, 2017	March 31, 2016
(i) Net NPAs to Net Advances (%)	2.84%	3.42%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,731.30	620.10
(b) Additions during the year	757.43	1,409.49
(c) Reductions during the year	718.45	298.29
(d) Closing balance	1,770.28	1,731.30
(iii) Movement of Net NPAs		
(a) Opening balance	1,519.66	533.64
(b) Additions during the year	667.17	1,243.83
(c) Reductions during the year	679.33	257.81
(d) Closing balance	1,507.50	1,519.66
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	211.64	86.46
(b) Provisions made during the year	90.26	165.66
(c) Write-off/write-back of excess provisions	39.12	40.48
(d) Closing balance	262.78	211.64

7. Disclosure of Complaints**7.1 Customer Complaints**

(a) No. of complaints pending at the beginning of the year	1
(b) No. of complaints received during the year	6
(c) No. of complaints redressed during the year	7
(d) No. of complaints pending at the end of the year	-



NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part D

Other Disclosures:**1. Provision for / Payments to Statutory Auditors**

(₹ IN LAKHS)

Particulars	March 31, 2017	March 31, 2016
a) Audit Fees	5.00	5.00
b) Tax Representation Fees	-	0.50
c) Tax Audit Fees	1.00	1.00

2. Foreign Currency Inflow / Outflow :

(₹ IN LAKHS)

Particulars	March 31, 2017	March 31, 2016
a) Inflow :		NIL
b) Outflow :		
i. For acquiring HP Assets / Loans	618.02	2,170.97
ii. For FCNRB Loan		
Principal	-	3,142.46
Interest	-	76.21
iii. Foreign Travel Expenses	-	-
iv. Assets Purchase	-	-

3. The Company has not received any intimation from 'Suppliers' regarding their status under the "Micro, Small and Medium Enterprise Development Act, 2006" and hence disclosures, if any, relating to amount unpaid as at the year-end together with interest paid / payable required under the said Act have not been furnished.

4. Segment Reporting

The Company has single reportable segment "Financial services and financial syndication" for the purpose of Accounting Standard (AS) 17 - 'Segment Reporting'. The Company is also engaged in insurance co-ordination and entertainment activity. The revenue from insurance and entertainment activity is less than 10% of total revenues and as such it does not constitute a reportable segment, in the context of Accounting Standard (AS) - 17 'Segment Reporting', as notified by the Companies (Accounts) Rules, 2014. The Company operates only in India which is considered as a single geographical segment and geographical segment reporting is not applicable.

5. Related Parties Disclosures

Disclosures as per the provisions of Accounting Standard (AS) - 18 'Related Party Disclosures' prescribed by Rule 7 of the Companies (Accounts) Rules, 2014, have been identified on the basis of representation made by the Key Management Persons and taken on record by the Board. Disclosures of transactions with Related Parties are as under:



5.1 List of the Related Party and Nature of the Related Party Relationship as identified by the Key Management Persons are classified as under:

Name of the Related Party	Nature of Relationship
Mugdha Investment & Finance Private Limited	Holding Company
Electronica Industries Limited	Fellow Subsidiary
Shrikant R. Pophale - Whole Time Director Shilpa S. Pophale - Managing Director Priya A. Dharmadhikari - Whole Time Director Mugdha R. Kaskhediker - Whole Time Director Sanjiv Roy - Chief Executive Officer	Key Management Personnel (KMP)
Manisha S. Pophale Sujit S. Natekar Adwait Dharmadhikari Rahul S. Kaskhediker	Relatives of Key Management Personnel (KMP)
Electronica Tungsten Limited Electronica Hi-Tech Engineering Private Limited Electronica Hi-Tech Machines Tools Private Limited	Enterprises over which KMP and their relatives exercise significant influence

NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part D

5.2 Transactions between Related Party and amounts outstanding as under :

(₹ IN LAKHS)

Nature of Transaction/ Relationship/ Name of Related Parties	2016 - 2017	2015 - 2016
A. Directors Remuneration Paid		
Key Management Personnel		
1. Shrikant R. Pophale	37.50	24.00
2. Shilpa Shrikant Pophale	115.08	80.24
3. Mugdha Rahul Kaskhediker	3.58	-
B. Deposit Accepted		
Key Management Personnel		
1. Shilpa Shrikant Pophale	40.09	22.68
2. Priya Adwait Dharmadhikari	12.61	3.89
3. Mugdha Rahul Kaskhediker	0.89	0.02
Relative of Key Management Personnel		
1. Manisha Shrikant Pophale	5.02	2.54
2. Adwait Dharmadhikari	0.01	0.06
Enterprises over which KMP and their relatives exercise significant influence	-	29.49
1. Electronica Hi-Tech Engineering Pvt. Ltd		
C. Deposit Repaid		
Key Management Personnel		
1. Shilpa Shrikant Pophale	27.00	53.59
2. Priya Adwait Dharmadhikari	9.67	28.08
3. Mugdha Rahul Kaskhediker	-	0.33
Relative of Key Management Personnel		
1. Adwait Dharmadhikari	-	2.54
Enterprises over which KMP and their relatives exercise significant influence		
1. Electronica Hi Tech Engineering Pvt. Ltd.	11.89	23.28
D. Interest Paid on Deposit		
Key Management Personnel		
1. Shilpa Shrikant Pophale	4.55	2.97
2. Priya Adwait Dharmadhikari	0.68	0.99
3. Mugdha Rahul Kaskhediker	0.10	0.03
Relative of Key Management Personnel		
1. Manisha Shrikant Pophale	3.36	2.83
2. Adwait Dharmadhikari	0.01	0.07
E. Received against Deposit Placed		
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Machines Tools Pvt. Ltd.	15.46	-
2. Electronica Tungsten Limited	21.69	-
F. Rent Paid		
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Machines Tools Pvt. Ltd.	1.03	17.20
2. Electronica Tungsten Limited	-	17.18
G. Reimbursement of Expenses		
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Machines Tools Pvt. Ltd.	-	18.42
H. Advance for Supply of goods to customer		
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Machines Tools Pvt. Ltd.	-	96.77
I. Credit for Supply of goods to customer		
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Machines Tools Pvt. Ltd.	-	101.16



NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part D

5.3 Amount due to/ from related parties:

(₹ IN LAKHS)

Nature of Transaction/ Relationship/ Name of Related Parties	March 31, 2017	March 31, 2016
A. Account Receivable		
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Machines Tools Pvt. Ltd	4.88	20.33
2. Electronica Tungsten Limited	-	21.69
B. Account Payable		
Key Management Personnel		
1. Shilpa Shrikant Pophale	35.47	22.38
2. Priya Adwait Dharmadhikari	8.53	5.59
3. Mugdha Rahul Kaskhediker	0.90	0.01
Relative of Key Management Personnel		
1. Manisha Shrikant Pophale	30.33	25.31
2. Adwait Dharmadhikari	0.13	0.12
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hi Tech Engineering Pvt. Ltd.	-	11.89

5.4 Names of related parties with whom transactions have been entered into:

I. Holding Company	Mugdha Investment & Finance Private Limited
II. Key Management Personnel (KMP)	Shrikant R. Pophale Shilpa S. Pophale Priya A. Dharmadhikari Mugdha R. Kaskhediker
III. Relatives of Key Management Personnel (KMP)	Manisha S. Pophale Adwait Dharmadhikari
IV. Enterprises over which KMP and their relatives exercise significant influence	Electronica Tungsten Limited Electronica Hi-Tech Engineering Private Limited Electronica Hi-Tech Machines Tools Private Limited

NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part D

6. Finance Lease and Hire Purchase Transactions:

Disclosures of Finance Lease and Hire Purchase Transactions as per the provisions of Accounting Standard (AS) - 19 'Accounting for Leases' prescribed by Rule 7 of the Companies (Accounts) Rules, 2014 are as under

Particulars	(₹ IN LAKHS)	
	March 31, 2017	March 31, 2016
Gross Investments - Hire Purchase	1,778.81	2,012.92
Less: Present value of Minimum Lease Payment	1,515.86	1,716.74
Unearned Finance Income	262.95	296.18

Bifurcation of Gross Investment and Present Value of minimum Hire Purchase payment

(₹ IN LAKHS)

Particulars	March 31, 2017		March 31, 2016	
	Gross Investment	Present value of minimum lease payment	Gross Investment	Present value of minimum lease payment
Receivable over period of				
Less than one year	723.77	573.38	702.22	515.93
More than one year but not more than five years	1,055.04	942.48	1,310.70	1,200.81
Total	1,778.81	1,515.86	2,012.92	1,716.74

7 Director's Remuneration

(₹ IN LAKHS)

Sr. No.	Particulars	March 31, 2017	March 31, 2016
1	Ms. Shilpa S. Pophale	115.08	80.24
2	Mrs. Mugdha R. Kaskhediker	3.58	-
3	Mr. Shrikant R. Pophale	37.50	24.00
	Total	156.16	104.24

8 Earnings per Share (Basic and Diluted)

Calculations of Earnings per share as per the provisions of Accounting Standard (AS) - 20 'Earnings Per Share' prescribed by Rule 7 of the Companies (Accounts) Rules, 2014 are as under:

Particulars		March 31, 2017	March 31, 2016
Net Profit for the year (₹ in lakhs)	A	1,420.70	1,360.03
No. of Equity Shares outstanding at the beginning of the year (No. in lakhs)	-	221.11	221.11
No. of Equity Shares outstanding at the end of the year (No. in lakhs)	-	221.11	221.11
Weighted Average Number of Equity Shares (No. in Lakhs)	B	221.11	221.11
Basic and diluted earnings per share of nominal value of ₹ 10/- each (₹)	A/B	6.43	6.15

9. Employee Benefits

Disclosure of employee benefits as per the provisions of Accounting Standard (AS) - 15 'Employee Benefits' prescribed by Rule 7 of the Companies (Accounts) Rules, 2014 are as under

9.1 Defined contribution plan :

Amounts recognized as expenses and included in "Employee Benefits Expense" in the Statement of Profit and Loss as follows

Particulars	(₹ IN LAKHS)	
	March 31, 2017	March 31, 2016
Employer's contribution		
Provident Fund	53.94	44.32
Family Pension Fund	34.98	26.49
ESIC	0.71	1.64

9.2 Defined benefit plan :

Amount recognized in the books of account in respect of defined benefit plan based on actuarial valuation is as follows:

(a) The amounts recognized in Balance Sheet are as follows

Sr. No.	Particulars	(₹ IN LAKHS)	
		March 31, 2017	March 31, 2016
A.	Amount to be recognized in the Balance Sheet		
	Present value of defined obligation	109.64	100.38
	Less : Fair Value of Plan Assets	88.16	65.39
	Amount to be recognized as Liability / (Asset)	21.48	34.99
B.	Amounts reflected in the Balance Sheet		
	Liabilities	41.89	51.8
	Assets	-	-
	Net Liability / (Assets)	41.89	51.8

(b) The amounts recognized in Profit & Loss Statement are as follows

Sr. No.	Particulars	(₹ IN LAKHS)	
		March 31, 2017	March 31, 2016
1	Current Service Cost	31.00	23.20
2	Expected Return on Plan Assets	(5.56)	(5.20)
3	Actuarial / (Gains)	10.31	25.63
4	Past Service Cost	-	-
5	Effect of any Curtailment / Settlement	-	-
6	Actuarial Gain not recognized in the Books	-	-
7	Adjustments for Earlier Years	-	3.73
8	Interest Cost	6.14	4.44
9	Total included in Note No.22 "Employee Benefits Expense"	41.89	51.8

NOTES TO FINANCIAL STATEMENTS

Notes forming an integral part of the Financial Statements : Part D

c. Movement of PLA assets are as follows**(₹ IN LAKHS)**

Sr. No.	Particulars	March 31, 2017	March 31, 2016
1	Opening Balance	65.39	61.12
2	Contribution during the year	51.79	13.56
3	Income from Plan Assets	5.56	5.20
	Actuarial Loses / (Gains)	4.02	(2.27)
4	Settlements	-	-
5	Mortality Premium	-	-
6	Benefits Paid	(38.60)	(12.22)
7	Closing Balance	88.16	65.39

d. Actuarial Assumptions

Particulars	March 31, 2017	March 31, 2016
Discount Rate	7.50% p.a.	8.00% p.a.
Salary Inflation Rate	9.00% p.a.	9.00% p.a.
Mortality Table	IALM 2006-08 ULTIMATE	IALM 2006-08 ULTIMATE
Withdrawal Rates	10/1000 p.a.	10/1000 p.a.
Maximum Gratuity	10.00 Lac	10.00 Lac
Gratuity Benefits (salary as per year of service)	15 Days	15 Days
Method of Valuation	Unit Projection Credit Method	Unit Projection Credit Method
Super Annuation Age	55 Years	55 Years

10. Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December, 2016**(AMOUNT IN ₹)**

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,06,500	17,687	1,24,187
(+) Permitted receipts	44,000	7,33,743	7,77,743
(-) Permitted payments	-	6,42,852	6,42,852
(-) Amount deposited in Banks	1,50,500	370	1,50,870
Closing cash in hand as on 30.12.2016	-	1,08,208	1,08,208

11. Figures for the previous years have been regrouped / reclassified wherever considered necessary to confirm with the current year's presentation.

As per our attached report of even date

For M. P. Chitale & Co.
Chartered Accountants,
Firm Registration No. 101851W

D. N. Bapat
Partner (Membership No. 115394)

Date : 12th May, 2017

Place : Pune

For and on Behalf of Board of Directors

Mr. S.R. Pophale
Chairman
(DIN:00393859)

Mr. Sudeep Bhatia
Chief Financial Officer

Ms. Shilpa S. Pophale
Managing Director
(DIN:00182457)

Ms. Khwahish Rawal
Company Secretary



NOTES TO FINANCIAL STATEMENTS

As required in terms of Paragraph 18 of Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Direction, 2016.

(₹ IN LAKHS)

SR No.	Particulars	Amount outstanding	Amount Overdue
	Liabilities side :		
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
	a) Debentures : Secured	5,290.00	-
	Unsecured (Other than falling within the meaning of public deposits*)	2,100.00	-
	b) Deferred Credits	-	-
	c) Term Loans	36,000.39	-
	d) Inter-corporate loans borrowing	-	-
	e) Commercial Paper	-	-
	f) Public Deposits*	-	-
	g) Other Loans (Short Term Deposit From Shareholders)	96.37	-
	* Please see Note 1 below		
2	Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	a) In the form of Unsecured debentures	-	-
	b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	c) Other public deposits	-	-
	* Please see Note 1 below		
	Assets side:	Amount outstanding (₹ In Lakhs)	
3	Break-up of Loans and Advances including bills receivable [other than those included in (4) below]		
	a) Secured	-	
	b) Unsecured	-	
4	Break-up of Leased Assets and stock on hire and other counting towards AFC activities		
	i] Lease assets including lease rentals under sundry debtors:		
	(a) Financial lease	-	
	(b) Opening lease	-	
	ii] Stock on hire including hire charge under sundry debtors:		
	(a) Assets on hire	1,495.47	
	(b) Repossessed Assets	-	
	iii] Other loans counting towards AFC activities:		
	(a) Loans where assets have been repossessed	23.53	
	(b) Loans other than (a) above	78,161.51	
5	Break-up of Investments:		
	Current Investments :		
	1. Quoted:		
	(i) Shares :		
	(a) Equity	-	
	(b) Preference	-	
	(ii) Debentures and Bonds	-	
	(iii) Units of mutual funds	5,900.00	
	(iv) Government Securities	-	
	(v) Other (please specify)	-	
	2. Unquoted :		
	(i) Shares :		
	(a) Equity	-	
	(b) Preference	-	
	(ii) Debentures and Bonds	-	
	(iii) Units of mutual funds	-	
	(iv) Government Securities	-	
	(v) Other (please specify)	-	



NOTES TO FINANCIAL STATEMENTS

Long Term Investments:				
1. Quoted:				
(I) Shares :				
(a) Equity			1.17	
(b) Preference			-	
(ii) Debentures and Bonds			-	
(iii) Units of mutual funds			-	
(iv) Government Securities			-	
(v) Other (please specify)			-	
2. Unquoted:				
(I) Shares:				
(a) Equity			1.10	
(b) Preference			-	
(ii) Debentures and Bonds			-	
(iii) Units of mutual funds			-	
(iv) Government Securities			-	
(v) Other (please specify)			-	
6 Borrower group-wise classification of assets, financed as in (3) and (4) above:	Please see Note 2 below			
Category	Amount net of provisions			
	Secured	Unsecured	Total	
I. Related Parties **				
a) Subsidiaries	-	-	-	
b) Companies in the same group	-	-	-	
c) Other than related parties	-	-	-	
II. Other than related parties	75,178.39	4,502.12	79,680.51	
Total	75,178.39	4,506.12	79,680.51	
7 Investor group-wise classification of all Investments (current and long term) in shares and securities (both quoted and unquoted):	Please see note 3 below			
Category	Market Value /	Book Value		
	Break up or fair value or NAV	(Net of Provisions)		
I. Related Parties **				
a) Subsidiaries	-	-	-	
b) Companies in the same group	0.75	0.75	0.75	
c) Other related parties	-	-	-	
II. Other than related parties	1.52	1.52	1.52	
Total	2.27	2.27	2.27	
** As per Accounting Standard of ICAI (Please see Note 3)				
8 Other information				
Particulars	Amount			
I. Gross Non-performing Assets				
a) Related parties	-	-	-	
b) Other than related parties	-	1,770.28	1,770.28	
II. Net Non-Performing Assets				
a) Related parties	-	-	-	
b) Other than related parties	-	1,507.50	1,507.50	
III. Assets acquired in satisfaction of debt	-	262.78	262.78	



NOTES TO FINANCIAL STATEMENTS

Note:

- 1) As defined in point (xix) of paragraph 3 of Chapter 2 of these Directions.
- 2) Provisioning norms shall be applicable as prescribed in these Directions.
- 3) All Accounting Standards and Guidance Note issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investment should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

As per our report of even date

For M. P. Chitale & Co.
Chartered Accountants,
Registration No. 101851W

For and on Behalf of Board of Directors

D. N. Bapat
Partner
(Membership No. 115394)

Shilpa Pophale
Managing Director

Place : Pune
Date : 12th May 2017

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NOTES

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GROUP COMPANIES

**Electronica
HiTech Machine Tools Pvt. Ltd.**
Trading of CNC Machines,
Manufacturing of EDMs,
WEDMs & CNC Lathe

**Electronica
HiTech Engineering Pvt. Ltd.**
Manufacturing of Sheet Metal Components



Electronica Finance Ltd.
One-Stop-Solutions for
MSME Finance Needs

Electronica Tungsten Ltd.
Manufacturing of Tungsten,
Tungsten Carbide Powders & Products



NETWORK DETAILS





Electronica Finance Limited

Regd Office : 128/A, Plot No. 3, Kailashchandra Apartment,
Paud Road, Kothrud, Pune 411038 (INDIA)

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Corporate Identification Number of EFL : U65910PN1990PLC057017