



Creating Success Stories for Businesses

2018 - 2019
29th ANNUAL REPORT
ELECTRONICA FINANCE LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

- | | |
|------------------------------------|-------------------------------|
| 1. Mr. Shrikant Raghunath Pophale | Chairman & Executive Director |
| 2. Ms. Shilpa Pophale | Managing Director |
| 3. Mr. Thallapaka Venkateswara Rao | Independent Director |
| 4. Mr. Milind Limaye | Independent Director |
| 5. Mr. Venkatesh Srinivasan | Independent Director |

Company Secretary & Compliance Officer Ms. Khwahish Rawal

STATUTORY AUDITORS

For S. R. BATLIBOI & CO. LLP, Chartered Accountants

14th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West),
Mumbai 400 028, India

OUR FINANCERS

- | | |
|---|--|
| ▶ Aditya Birla Finance Ltd | ▶ RBL Bank Limited |
| ▶ Bajaj Finance Limited | ▶ The South Indian Bank Limited |
| ▶ DCB Bank Limited | ▶ Union Bank Of India |
| ▶ Federal Bank | ▶ A K Capital Finance Pvt. Ltd. |
| ▶ Fedbank Financial Services Ltd | ▶ AAV SARL |
| ▶ HDFC Bank | ▶ Unifi AIF |
| ▶ Hinduja Leyland Finance Ltd. | ▶ Northern Arc Capital |
| ▶ Indian Bank | ▶ Bank Of India |
| ▶ Nabsamruddhi Finance Limited | ▶ IDBI Bank Limited |
| ▶ State Bank of India | ▶ Vijaya Bank |
| ▶ SBM Bank (India) Limited | ▶ ICICI Bank Limited |
| ▶ SIDBI | ▶ Bank Of Maharashtra |
| ▶ Syndicate Bank | ▶ Saraswat Co-Operative Bank |
| ▶ Tata Capital Financial Services Limited | ▶ Lakshmi Vilas Bank |
| ▶ The Catholic Syrian Bank Ltd | ▶ Global Climate Partnership Fund SA SICAV SIF |

OFFICE ADDRESS

Electronica Finance Limited

Regd Office : 101/1, Erandwane, Audumbar, Dr Ketkar Road, Pune 411004, Maharashtra, India

Email : secretarial@efl.co.in | www.efl.co.in | **(O) :** +91-20-67290700

Corporate Identification Number of EFL : U65910PN1990PLC057017

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Dear Shareholders,

It gives me immense pleasure to report another successful year of strong performance of your Company for Financial Year 2018-19. With the most anticipated election of stable government at the centre, we see new opportunities of growth opening up in the coming years. I am pleased to present updates on MSME industry, key achievements of the company during last financial year and business strategy/ focus areas for the next year.

MSMEs are the growth engine of Indian economy contributing ~29% of Gross Domestic Product India's MSME sector. Manufacturing sector, in particular, remains extremely vibrant and dynamic with potential of significant growth over coming years. While MSME segment has continued to gain significant relevance, funding gaps continue to remain a core challenge for the sector.

Despite the liquidity issues plagued the NBFC sector during Q3 FY19, your company achieved the highest ever yearly business of INR 743 Cr. While majority of NBFCs were grappling with liquidity issues, your company demonstrated its resilience through diversified sources of borrowings and business profile. Your company was able to grow the business by 23% compared to last year.

NBFC sector in general revealed several Asset Liability mismatches resulting in significant disruption and discomfort amongst investor and lender fraternity. However, your company's decades long practices of ensuring strong Asset Liability Match across portfolio buckets and partnership driven diversified borrowing profile helped the company continue to remain adequately liquid. Your company was able to gain further enhancement of rating outlook to 'Positive' from 'Stable'.

I am also delighted to report that your company was able to generate tremendous investor interest during the year and issued country's first Green Masala Bonds in private sector NBFC to Luxemburg based Global Climate Partnership fund equivalent to \$ 10 million.

In addition to existing product bouquet, your company successfully launched a new vertical 'Emerging Enterprise Loans' to serve the MSME customers in the non-manufacturing and service sectors covering micro and small enterprises, consisting ~69% of MSME units in India. Your company will focus to broad-base reach of this product during the next year.

In order to expand our existing business, the company is constantly making efforts to diversify products and increase geographic presence through various channels. Your company is continuously partnering with digital platforms to penetrate in the existing markets. I am pleased to inform that your company is the first NBFC to partner with Online PSB loans in 59 minutes.

Overall Non Performing Asset (NPA) in the MSME segment hovers around 10% (4-5% for private banks and NBFCs, and 14% for public sector banks). Your company's continued efforts in this area have resulted in keeping NPA ratio well under control within 2%. This is achieved through careful and regular monitoring of portfolio health, taking timely corrective legal actions and improvement in company policies for making better credit decisions.

In the new year, your company plans to launch its first phase of enhanced Technology infrastructure by introducing Loan Origination System and Loan Management System. The new technologically advanced system will help to improve customer experience with a self-serve interface. The new system is designed to provide deep insights on customers and to understand the need of funds for their future expansion plans. It will also help the company to appraise customer needs better and make quicker decisions keeping overall controls over asset quality.

Your company aims to develop a multi-dimensional asset strategy for exponential growth including new product development, deeper penetration across India, entry in new industry and new sectors and markets.

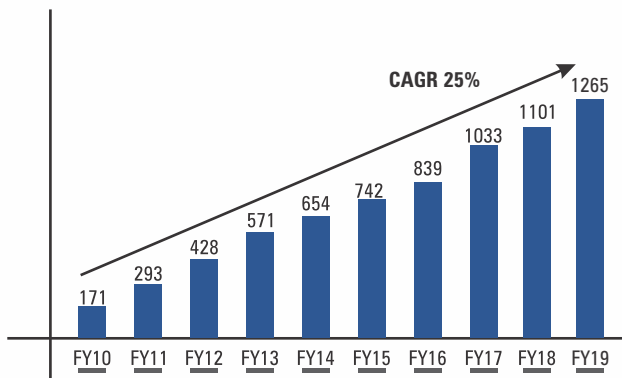
Finally, I wish to thank all our stakeholders (customers, employees, investors, growth partners and shareholders) for their continuous support, commitment and engagement. Together, we will endeavor to create long term value for all our stakeholders in the years ahead.

Shilpa Pophale

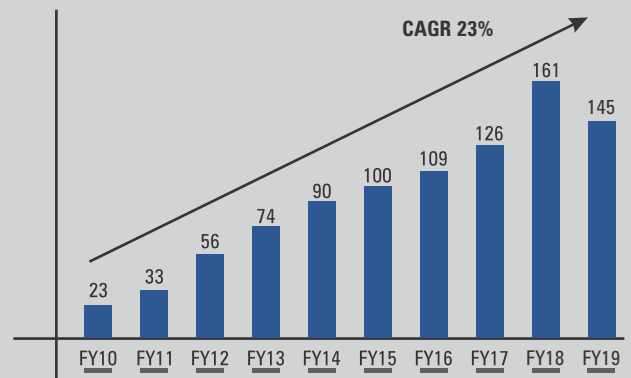
Managing Director

SNAPSHOT OF COMPANY PERFORMANCE

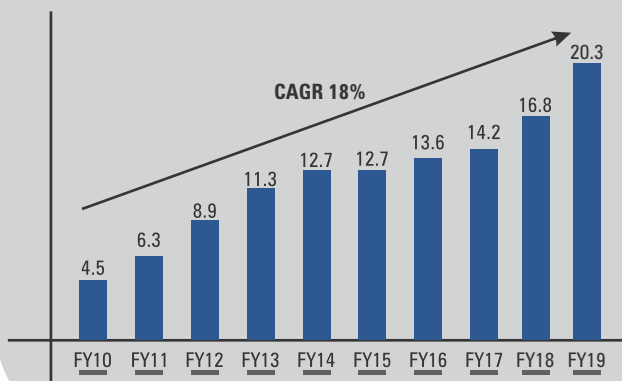
AUM
(₹ in crores)



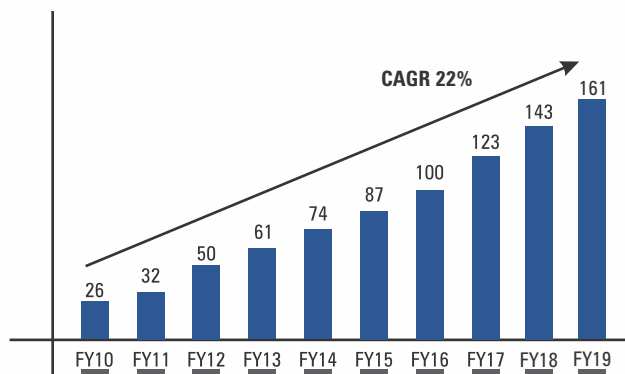
INCOME
(₹ in crores)



PAT
(₹ in crores)



NETWORTH
(₹ in crores)



**TO THE MEMBERS OF
ELECTRONICA FINANCE LIMITED**

The Directors have pleasure in presenting the 29th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2019.

1. BACKGROUND:

Electronica Finance Limited was incorporated on June 26, 1990. The Company is Systemically Important Non Deposit taking Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India.

2. ECONOMY & INDUSTRY OVERVIEW

The global economy started 2018 with strong, synchronized growth. But as the year progressed, momentum faded and growth trends diverged. The US economy accelerated, thanks to fiscal stimulus enacted early in the year, while the economies of the Eurozone, the UK, Japan and China began to weaken. These divergent trends will persist in 2019.

One major risk we foresee in the coming year is the sharp drop expected in world trade growth, which fell from over 5% at the beginning of 2018 to nearly zero at the end. With anticipated escalation in trade conflicts, a contraction in world trade could drag down the global economy even more. At the same time, the combined effects of rising interest rates and surging equity and commodity market volatility mean that financial conditions worldwide are tightening.

India has emerged as the fastest growing economy in the world and expected to be one of top three economic powers of world in next 10-15 years. India has retained its position as third largest start up base in the world with over 4750 technology start-ups. Indian economy is on a positive trajectory in amount of formal capital deployed supplemented by rising consumer disposable income and ease of access to credit.

MSME Sector

The micro, small and medium enterprise segment contribute ~6 per cent of manufacturing GDP and ~25 per cent of services GDP. They also account for ~16 per cent of bank lending. In spite of this huge potential and continuous efforts by Government and Banking industry, making regular credit available to fund the expansion and reduce borrowing costs has remained a challenge. About 97% of MSMEs operate in the informal sector. In value terms, the share of the informal sector in gross output of MSMEs was about 34%.

The micro, small and medium enterprise segment is the engine of growth and job creation for India. This is further supported by the key structural changes announced by the government through budget enabling ease of doing business, increase in funding of various Government run programs & schemes and providing tax benefits to modernize the sector, and make it more competitive in the global market.

MSME Finance Industry Structure, Development and Outlook

MSME credit in India is at Rs 25 lakh crores forming ~24% of total credit in the system and ~15% of GDP. This includes loans taken by individuals not having registered as MSMEs. It is lower than China at ~39% and US where it is ~24% of GDP, which signifies its potential. If the entire informal sector is gradually formalized, MSME credit to GDP can go far higher. However, it is an expensive and time-consuming exercise to reach geographies and masses quickly. Therefore, going through digital channels supported by bank accounts, GSTN, Bill payments, etc, seems to be the more cost-effective alternative. Initial calculations peg the total opportunity size of ~Rs 50 lakh crore disbursements to MSMEs, if all informal MSMEs are brought under the funding net.

Aggregate MSME lending has expanded rapidly over the last 5 years. The total balance outstanding has increased from Rs 10.4 lakh crores in Dec'13 to Rs 25.2 lakh crores in Dec'18 – a compounded annual growth rate (CAGR) of 19.3%. The growth in aggregate MSME lending in over last five years has been powered by 15.7% CAGR of lending to entities and 26.1% increase in business lending to individuals.

Non-banks' share in the MSME credit pie should expand to 22-23% by March 2022 compared to 16% in March 2017. Non-banks, with their niche positioning, differentiated product offering, good market knowledge and large unmet demand, would be able to grow at a healthy rate vis-à-vis banks.

The market share of public sector banks in MSMEs lending has reduced from 58% to 39% in 5 years' period that is from Dec'13 to Dec'18. PSBs are single largest lender to MSMEs but gap between PSBs and private segment has narrowed from 37 percentage points in Dec'13 to 7 percentage points in Dec'18.

New to Credit (NTC) borrowers entering the formal credit sector has accelerated from 2.7 lakhs in 6 months in H1-16 to 3 lakhs in H1-17 and further onto 5.2 lakhs in H1-18. This accelerated growth of 32% coincides with high no of new firms which have formalized themselves by registering themselves for GST in half year ending Sep'18.

DIRECTOR'S REPORT

3. FINANCIAL RESULTS:

Your 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 31st March, 2019	For the year ended 31st March, 2018
Total Revenue	14,477.65	16,048.83
Total Expenses	11,566.58	13,318.04
Profit before tax	2,911.07	2,730.79
Current tax expenses	901.03	1,296.89
Prior period tax	48.04	13.44
Deferred tax	(68.30)	(256.38)
Profit after tax	2,030.30	1,676.84
Surplus at the beginning of the accounting period	7,108.73	5,767.26
Appropriations		
Transfer to Statutory Reserve	406.06	335.37
Proposed dividend and related distribution tax	191.14	-
Balance carried forward	8,541.83	7,108.73

4. DIVIDEND

Your Directors are pleased to recommend a dividend @ 7% i.e. Rs.0.70/- per Equity Share of Rs.10/- each for the year ended 31st March, 2019. In value terms, Dividend amounts to Rs. 157.74 Lakhs. A proposal for confirmation of the dividend for the year ended 31st March, 2019 will be placed before the shareholders at the ensuing Annual General Meeting.

5. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the year under review, the company booked business of **INR 743 crores** and the assets under management of the company crossed **INR 1,265 crores**. The relatively moderate Year on Year (YoY) growth is mainly because of slower Q3 due to shortage of funds in NBFC segment. However, we were able to optimize our costs and increase our productivity to achieve **21 % Year on Year growth** in Profit after Tax. The company expects to grow at a swift pace as the impact have been minimized and the demand is picking up.

Product-wise Performance

Machinery finance remains our core and within machine finance, machine tools contribute more than 50% to the total machinery finance business. Other product offerings to the same customer segments are Industrial Property Loans, Bill Discounting, Working Capital Term Loans, Institutional lending and Trade advance which have contributed to the growth of the company.

The company has introduced a new vertical called Emerging Enterprise Loans to cater to the non manufacturing sector. We see this vertical growing substantially in the coming years.

Quality of the portfolio

With continued high customer loyalty, a good amount of repeat business from our existing customers and focus on secured lending, your Company was able to successfully control the Gross NPA percentage to 2.45% and Net NPA percentage to 2.00%.

Keeping strong focus on collections processes especially the cheque realization percentage and renewed effort on chronic NPA accounts with the help of legal actions, the company is confident of maintaining substantially lower than industry NPA percentage and high asset quality which is 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.

There have been no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year of the Company and the date of this Report

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 18.71% as on 31st March 2019 as against the 15% 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 Assets 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 Standard Asset Provision at 0.40 per cent (amount totaling Rs 3.99 crores) on the outstanding standard asset portfolio as at 31st March 2019.

10. RESERVE FUND

As per section 45IC of RBI Act 1934, the Company has transferred Rs. 406.06 Lakhs to Statutory Reserve Fund aggregating to 20% of yearly Net Profit.

11. CREDIT RATINGS

During the year under review, Rating Agencies reaffirmed / issued ratings to the Company, as under:

S.No.	Name of Rating Agency	Type of Rating	Credit Rating	Nature of Securities
1	India Ratings & Research (A Fitch Group Company)	Bank Facilities	A-' with Stable Outlook	Bank Loan
		NCD's	A-' with Stable Outlook	Secured NCD on Private Placement basis
2	Acuite` Ratings & Research	Long Term Rating	A-' with Positive Outlook	Bank Loan
		Short Term Rating	A2+	Bank Loan
3	ICRA Limited	NCD	BBB+' with Positive Outlook	Secured NCD on Private Placement basis
		Subordinated Debt	BBB+' with Positive Outlook	Unsecured NCD on Private Placement basis

12. SUSTAINABILITY INITIATIVES

Sustainable development is at the top of the business agenda of the company. EFL has focused its complete attention to the MSME segment and has been serving the sector overcoming the various inherent challenges faced by the various financial institutions, addressing the huge gap in Credit supply and demand. While playing a big role towards the Financial Inclusion of the Entrepreneurs of India, EFL proactively utilizes consumer bureau data and delinquency indicator through various partnerships to limit the bad debt exposure and implement risk mitigation strategies that benefit both EFL & MSME Customers. With the continued focus on improving workflow automation EFL is moving towards using minimal paper for our operations. Your company does regular clean-up drives at all branches and Head office to cut down waste & countless paper trails to improve productivity and efficiency in operations.

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.

The Board of Directors of the Company at its Meeting held on 1st November, 2017, on the recommendation of Nomination and Remuneration Committee approved the 'Electronica Finance Limited Employee Stock Option Plan 2017' approved by the Members of the Company. The Company has not changed its Employee Stock Option Plan during the year.

Further, details of Options granted and exercised are included in Note no. 32 in the notes to accounts forming part of financial statements.

DIRECTOR'S REPORT

14. AUDITORS

Statutory Auditors:

The Company had appointed M/s S. R. Batliboi & Co, Chartered Accountants (Firm Registration No. 301003E / E300005) as the statutory auditors of the Company for a term of five consecutive years from the conclusion of the 27th Annual General Meeting of the Company till the conclusion of the 32nd Annual General Meeting to be held in the year 2022, based on the recommendation of the Audit Committee.

Pursuant to the provisions of Section 139 of the Act and the rules framed there under, the Members at their 26th Annual General Meeting (AGM) held on 27th September 2017 appointed M/s S. R. Batliboi & Co, Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of 26th AGM till the conclusion of 32nd AGM, subject to ratification of their appointment at every AGM. The Central Government on May 7, 2018 has notified provisions of Companies (Amendment) Act, 2017 and pursuant to the notification; there is omission of the provisions with respect to ratification. Hence, ratification of appointment of Auditors is dispensed with in the ensuing AGM Notice.

Internal Auditors:

Your Company, during the year under review, appointed M/s M. P. Chitale, Chartered Accountants (Firm Registration No. 101851W), to act as the Internal Auditors of the Company for the Financial Year 2018-19, pursuant to Section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014.

Secretarial Auditor:

Your Company, during the year under review, appointed M/s C V Kulkarni & Co., Company Secretaries, Pune as the Secretarial Auditor of the Company for the Financial Year 2018-19, 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 undertaken by 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 at arm's length basis and in the ordinary course of business.

A Statement containing the details of material contracts or arrangements or transactions with Related Parties on an arm's length basis with respect to transactions as required under Section 188(1) of the Act, in the prescribed Form No. AOC-2, is attached as **Annexure D**. Further, details of Related Party Transactions as required to be disclosed by Accounting Standard – 18 on "Related Party Disclosures" specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, are given in the Notes to the Financial Statements.

SECRETARIAL STANDARD

The Company complies with all applicable Secretarial Standard.

FRAUD REPORTING

Pursuant to the provisions of the Companies Act, 2013, no fraud was reported by auditors of the Company to the Audit Committee during Financial Year 2019.

MEETINGS OF THE BOARD

Minimum 4 pre-scheduled Board meetings are held annually. Additional Board meetings are convened by giving appropriate notice to address the Company's specific needs. In case of business exigencies or urgency of matters, resolutions are passed by circulation.

Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

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 have been followed along with proper explanation relating to material departures;
- (b) the directors have 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 have 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 have 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 have 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 FROM INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated under 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.

PERFORMANCE EVALUATION

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance through structured questionnaire. The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfilment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and Non-Executive Directors. Also, the Nomination and Remuneration Committee has carried out evaluation of executive director's performance. These meetings were intended to obtain Directors' inputs on effectiveness of Board processes. The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting reviewed the performance and role of non-independent directors and the Board as a whole and Chairman of the Company. Further, the Independent Directors at their meeting had also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that was necessary for the Board to effectively and reasonably perform their duties.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Change in composition of Board of Directors:

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

DIRECTOR'S REPORT

The Board made the following appointment(s)/ re appointment(s) based on the recommendations of the Nomination and Remuneration Committee. During the year under review, the Nomination and Remuneration Committee proposed the appointment of Mr. Sujit Natekar as Additional Director of the Company in the capacity of 'Non-Executive Director' subject to RBI approval.

During the year under review, as a result of pre-occupation and other commitments Mrs. Mugdha Rahul Kaskhediker resigned from the post of Whole Time Director, the said has been forwarded to RBI. The Company expresses its appreciation for the assistance and guidance provided by Mrs. Mugdha Rahul Kaskhediker during her tenure as Whole Time Director of the Company.

During the year under review, as a result of Pre-occupation and other commitments Mr. Venkatesan Sridar resigned from the post of Independent Director w.e.f. 22nd July, 2019. The Company expresses its appreciation for the assistance and guidance provided by Mr. Venkatesan Sridar during his tenure as the Director of the Company.

b) Change in Key Managerial Personnel:

During the year under review, Mr. Sudeep Bhatia has resigned as Chief Financial Officer & Key Managerial Personnel of the Company w.e.f. 7th June, 2019.

During the year under review, Ms. Shilpa Pophale, Managing Director was designated as Key Managerial Personnel of the Company w.e.f. 28th May, 2019.

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 E** and is attached to this report.

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

A Statement giving the details required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2019, is attached as **Annexure F**.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended March 31, 2019, are provided in a separate annexure forming part of this Report. In terms of the first proviso to Section 136 of the Act, the Report and the Accounts are being sent to the Members, excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary, at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

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 G** 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

The MSME industry is growing continuously and we see a gradual shift of the informal sector to formal sector. This creates more opportunity for us. In order to serve this growing opportunity EFL intends to expand its business with following major initiatives:

- Expansion in new Geographies – EFL plans to add new branches and plans to penetrate in the existing regions through hub and spoke model in the coming financial year.

- Addition of new products – EFL has launched Emerging Enterprise loans last year to serve bottom of the MSME pyramid and enter the non-manufacturing segment. EFL intends to grow this business in the coming financial year.
- Vertical wise focus - EFL has introduced vertical wise focus to ensure Sales Employees focus on one product and thus increase their productivity
- Technology revamp – EFL plans to revamp its Technology in phases. We intend to provide the customer with a complete self –serve portal which will help us improve the turnaround time and provide better customer service. With better technology, we will be able to predict and analyze data to make better decisions.
- Partnership driven model – EFL intends to partner with various digital as well as offline partners to increase customer reach and penetrate deeper in the MSME segment.

INTERNAL CONTROLS, AUDIT AND COMPLIANCE

The Company has appointed M/s M. P. Chitale & Co. as Internal auditor and M/s DKV & Associates as the Concurrent Auditor of the Company for the Financial Year 2018-19. Over the course of the year, many significant areas got covered in the internal and concurrent audit. The Company also has an In-House Process Audit Function, responsible for ensuring that Company processes are 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 did not have any amount to transfer to Investor Education and Protection Fund.

PUBLIC DEPOSITS

The Company didn't accept Deposit & has no Deposits amount outstanding during the year under review.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There were no significant material orders passed by the Regulators / Courts / Tribunals which would impact the going concern status of the Company and its future operations.

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

The Company is committed to providing and promoting a safe and healthy work environment for all its employees. The Company has zero tolerance towards sexual harassment at the workplace. A 'Prevention of Sexual Harassment' (POSH) policy, which is in line with the statutory requirements, along with a structured reporting and Redressal mechanism is in place.

No case of Sexual Harassment was reported during the year under the review.

16. ACKNOWLEDGEMENTS

The Board of Directors takes this opportunity to express its sincere appreciation for the support and co-operation from its members, RBI and other regulators, banks, financial institutions and the trustees for debenture holders.

The Board of Directors also places on record its sincere appreciation of the commitment and hard work put in by the Management and the employees of the Company and thanks them for yet another excellent year.

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

SHRIKANT RAGHUNATH POPHALE
CHAIRMAN
DIN: 00393859

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date: 31st July, 2019
Place: Pune

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Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 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

We 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, we hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019 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:

We 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, 2019 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;
- 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;
 - (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;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (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

We 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 BSE Limited;

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.

We 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.

We 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.

We further report that during the audit period;

- i. The Company has allotted unlisted secured, redeemable, non-convertible debentures, each of face value of Rs. 1,00,000/- and aggregating to Rs. 250,000,000/- (Rupees Twenty Five Crore only) on 26.06.2018 to Unifi AIF having its office at No. 11, Kakani Towers, I & III, Floor 15, Khader Nawaz Khan Road, Chennai.
- ii. The Company had allotted INR denominated Bonds (Green Masala Bonds) for an amount of Rs. 70,00,00,000/- (Rupees Seventy Crores) on 29th March, 2019 to Global Climate Partnership Fund SA, SICAV-SIF in the nature of Overseas Borrowing under ECB (External Commercial Borrowing) route.

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.

**FOR C. V. KULKARNI & CO.
COMPANY SECRETARIES**

**C. V. KULKARNI
COMPANY SECRETARY
FCS No: 3342
CP No: 2792**

Date: 30th April, 2019

Place: Pune

To

The Members,

Electronica Finance Limited

Regd. Office: 128/A, Plot No.3, Kailashchandra Apartments,

Paud Road, Kothrud, Pune 411038

Our 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: 30th April, 2019

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

As the core business of the company is to provide financial services hence the operations of our company is not energy intensive. As EFL is not a manufacturing company therefore the energy conservation and technology absorption rules are not relevant considering the nature of the activities of the company. However, we have taken various steps on conservation of energy such as usage of solar power, LED bulbs and replacing old electrical items. We have also been increasingly using information technology in our operations for automation and reducing paper usage. Overall it has helped us to reduce our costs and increased our contribution towards better environment.

Our new Corporate office which we plan to shift by June, 2019 is designed as a green building and would be an energy efficient building duly certified.

During the year under review, there was no foreign earning or expenditure in the Company.

Brief outline of the Corporate Social Responsibility (CSR) Policy:

This Policy shall be read in line with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and such other rules, regulations, circulars, and notifications (collectively referred hereinafter as Regulations) as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing guidelines for compliance in accordance with the provisions of Regulations to dedicate a percentage of Company's profits for social projects.
- Ensuring implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in social responsibility initiatives.

EFL is focused on CSR initiatives for a very long time. The CSR policy is developed with the idea of taking up projects to benefit society and impacting areas in which the Company operates. Though there are many initiatives taken under CSR, majority of funds during Current Year have been spent under two projects – **Udaan & Meeta**.

- Under project '**Udaan**', we have selected 104 girls from under privileged backgrounds and given scholarships to them for their education. In addition to the scholarship we support them by arranging career guidance workshops, mentoring and handholding so that the girls can become self-sufficient.
- Under project '**Meeta**' we have funded two NGOs for creating awareness about menstrual hygiene and producing low cost sanitary pads. Due to lack of these basic necessities many girls drop out from schools in semi urban and tribal areas.

EFL will undertake CSR activities, approved by the CSR Committee, either directly through its CSR cell/team or through such other entities /NGO's as approved by CSR Committee.

Composition of CSR Committee as on 31 st March, 2019:

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

Details of expenditure on CSR activities are as follows:

Particulars	Amount (In Lakhs)
Average net profit of the Company for the financial years 2015-16, 2016-17, 2017-18.	2,4727.24
Prescribed CSR Expenditure (2% of the average net Profit computed above)	48.54
Total amount spent on CSR activities for the Financial Year 2018-19	37.50
Amount unspent, if any	11.04

Manner in which the amount spent during the financial year 2018-19 is detailed below:

(Amount Rs. Lakhs)

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Name of Implementing Agency/ Direct	Projects or programs- Specify the State/ Union Territory where projects or programs was undertaken Specify the district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: Direct Expenditure on projects or programs.		Cumulative expenditure up to the reporting period
						Direct	Indirect	
1	"Project - UDAAN"	Promoting Education	Direct	Maharashtra - Pune, Kolhapur	10.58	10.58	0.00	10.58
2	"Project - MEETA"	Health & Hygiene	1. Education Action Research in Tribal Health 2. Seva Sahayog	Maharashtra - Pune & Chandrapur	5.75	5.75	0.00	5.75
3	Construction of school Building	Promoting Education	Shikshana Prasarak Mandali	Maharashtra - Pune	5.00	5.00	0.00	5.00
4	Contribution to NGO	Promoting Education	Jnana Prabodhini Harali	Maharashtra - Harali	2.00	2.00	0.00	2.00
5	To make learning easy	Promoting Education	Dnyana Devi : Child line , Bal Sena and other activities	Maharashtra - Pune	1.75	1.75	0.00	1.75
6	Contribution to NGO	Promoting Education	Palakniti Pariwar (Khelghar)	Maharashtra - Pune	1.50	1.50	0.00	1.50
7	Donation to physically challenged individuals	Promoting Education	Anamprem	Maharashtra - Ahmednagar	1.50	1.50	0.00	1.50
8	Education for disabled	Promoting Education	DR. Shanta Vaidya Memorial Foundation	Maharashtra - Pune	0.50	0.50	0.00	0.50
9	For children of sex workers	Promoting Education	Swadhar	Maharashtra - Pune	0.50	0.50	0.00	0.50
10	Students' welfare Association	Promoting Education	Vidyarthi Sahayak Samiti	Maharashtra - Pune	0.44	0.44	0.00	0.44
11	Women Education & Health	Promoting Education	Bhagini Nivedita Pratishthan	Maharashtra - Pune	0.25	0.25	0.00	0.25
12	Books donation in rural Maharashtra	Promoting Education	Punyabhusan Foundation, Jagar samakalin vachanacha	Maharashtra - Pune	0.05	0.05	0.00	0.05
13	Self Defense Training & Vocational Training	Women Empowerment	Bhagini Nivedita Pratishthan	Maharashtra - Pune	1.50	1.50	0.00	1.50
14	Donation towards technology innovation	Women Empowerment	Maharshi Karve Stree Shikshan Samstha	Maharashtra - Nagpur	0.25	0.25	0.00	0.25
15	Kerala Flood Relief	Health & Hygiene	Rashtriya Swayamsevak Sangh	Kerala	2.36	2.36	0.00	2.36
16	A helping hand for the physically challenged	Health & Hygiene	Nirmalya Trust	Maharashtra - Pune	1.32	1.32	0.00	1.32
17	Entrepreneurship Development Center	Health & Hygiene	PIC Innovative Center	Maharashtra - Pune	0.50	0.50	0.00	0.50
18	Making the life of disabled persons useful and enjoyable	Health & Hygiene	Narayan Seva Samiti	Rajasthan - Jaipur	0.50	0.50	0.00	0.50
19	Sponsorship to Mid-Day meal Program	Poverty, Hunger, malnutrition and health	ISKCON	Maharashtra - Pune	1.25	1.25	0.00	1.25
						Total		37.50

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

Your Company has spent Rs. 37.50 Lakh as part of the CSR initiatives in the reporting year. We have laid a strong foundation in the form of a robust CSR policy as part of the implementation of the CSR Regulations. We are currently evaluating various avenues to ensure that the amount is spent in the right direction with maximum impact.

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 confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

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

T.V. RAO

CHAIRMAN OF CSR COMMITTEEMANAGING DIRECTOR

SHILPA POPHALE

DIN: 00182457

Date: 31st July, 2019

Place: Pune

FORM AOC-2

Pursuant to clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act 2013 including certain arm's length transactions under third proviso thereto

1. Details of Contracts or arrangements or transactions not at arm's length basis - Not applicable
2. Details of material contracts or arrangement or transaction at arm's length basis:

Name of the related party & nature of relationship	Nature of contract/ arrangement/ transaction	Duration of the Contract/ arrangement/ transaction	Amount (Rs. in Lakh)	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Mugdha Investment & Finance Pvt Ltd. (Holding Company)	Interest on ICD Accepted	1 year	2.68	Interest calculated at 11% p.a. on the Inter corporate deposits accepted	Not Applicable	Nil
Electronica Tungsten Limited (Directorship of spouse of MD)	Rent received	1 year	1.51	Rent as per the area of the premises shared.	Not Applicable	Nil
Electronica Hi Tech Machine Tools Private Limited (Directorship of spouse of MD)	Rent received	1 year	11.89	Rent as per the area of the premises shared.	Not Applicable	Nil
Electronica Hi Tech Machine Tools Pvt Ltd (Directorship of spouse of MD)	Rent paid	1 year	6.47	Rent as per the area of the premises shared.	Not Applicable	Nil

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

SHRIKANT RAGHUNATH POPHALE
CHAIRMAN
DIN: 00393859

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date: 31st July, 2019
Place: Pune

Policy Relating to Directors Appointment, Payment of Remuneration and Discharge of their Duties

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 railway/heavy engineering/infrastructure 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:

- Selection based on 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 is reviewed by the Nomination & Remuneration Committee and the Board, from time to time as 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 2018-19 is as under:

Median Salary for FY 2018-19

Rs. 4.04 Lakhs

Sr. No.	Name of the Director	Remuneration FY 18-19 (Rs. In lakhs)	Ratio Times
1	Mr. Shrikant Raghunath Pophale	42.00	10.40
2	Ms. Shilpa Pophale	125.94	31.17
3	Mrs. Mugdha Rahul Kaskhediker	8.87	2.19

- (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 Raghunath Pophale	Nil
2	Ms. Shilpa Pophale	5.01%
3	Mrs. Mugdha Rahul Kaskhediker	2.85%
4	Mr. Sudeep Bhatia	24.30%
5	Ms. Khwahish Rawal	10.34%

*based on actual amount paid

- (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. 8.90%

- (iv) The number of permanent employees on the rolls of Company

No. of Permanent Employees as on 31st March, 2019 377

- (v) 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 9.63%.

- (vi) It is affirmed that the remuneration is as per the remuneration policy of the company.

Form No. MGT-9**Extract of Annual Return****As on the financial year ended on 31st March, 2019****{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**

i)	CIN	U65910PN1990PLC057017
ii)	Registration date	26th June, 1990
iii)	Name of the Company	Electronica Finance Limited
iv)	Category/Sub category of the Company	Non - Banking Financial Company (NBFC-ND-SI)
v)	Address of the Registered office and contact details	128/A, Plot No.3, Kailashchandra Apartments, Paud Road, Kothrud Pune 411038
vi)	Whether listed company	Yes
vii)	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
viii)	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:-

Sl. 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	61.16

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	M/s Mugdha Investment and Finance Private Limited	U65993MH1990PTC057022	Holding company	*89.04%	2(46)

*Shareholding of 89.04% include 46.67% shares held by Electronica Industries Limited which is a subsidiary company of Mugdha Investment and Finance Private Limited

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 1/04/2018				Number of shares held as at 31/03/2019				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of Total shares	
(A)	Promoters									
(1)	Indian									
a)	Individual / HUF	-	21,54,220	21,54,220	9.55	-	21,54,220	21,54,220	9.55	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	2,01,64,245	2,01,64,245	89.48	-	2,01,64,245	2,01,64,245	89.48	-
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	-	2,23,18,465	2,23,18,465	99.03	-	2,23,18,465	2,23,18,465	99.03	-
(2)	Foreign	-	-	-	-	-	-	-	-	-
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other – Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoters (A) = (A)(I)+(A)(II)	-	2,23,18,465	2,23,18,465	99.03	-	2,23,18,465	2,23,18,465	99.03	-
(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)(1)	-	-	-	-	-	-	-	-	-

 **ANNEXURE - G**

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2018				Number of shares held as at 31/03/2019				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of Total shares	
(2)	Non – Institutions									
(a)	Bodies Corporate									
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	-	-	-	-	-	-	-	-	-
(b)	Individuals									
	i) Individual shareholders holding nominal share capital upto Rs 1 lakh	-	2,03,680	2,03,680	0.90	-	2,03,680	2,03,680	0.90	-
	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)(2)	-	2,16,180	2,16,180	0.96	-	2,16,180	2,16,180	0.96	-
	Total Public Shareholding (B)=(B)(I)+(B)(II)	-	2,16,180	2,16,180	0.96	-	2,16,180	2,16,180	0.96	-
(C)	Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	-	2,25,34,645	2,25,34,645	100.00	-	2,25,34,645	2,25,34,645	100.00	-

ii) Shareholding of Promoters

Sr. No.	Shareholders Name	Shareholders as at 31/03/2018		Shareholders as at 31/03/2019	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
I	Mr. Shrikant Raghunath Pophale	11,00,600	4.88%	11,00,600	4.88%
II	Shrikant Raghunath Pophale (HUF)	7,21,500	3.20%	7,21,500	3.20%
III	Mrs. Mugdha Rahul Kaskhediker	22,000	0.10%	22,000	0.10%
IV	Ms. Shilpa Pophale	31,500	0.14%	31,500	0.14%
V	Mrs. Priya Dharmadhikari	30,500	0.13%	30,500	0.13%
VI	Mrs. Manisha Pophale	1,43,620	0.64%	1,43,620	0.64%
VII	Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%
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	1000	0.00%	1000	0.00%
XIII	Sujit Natekar (HUF)	500	0.00%	500	0.00%
XIV	M/s Electronica Hi Tech Machine Tools Private Limited	1,00,000	0.44%	1,00,000	0.44%
XVI	M/s Electronica Industries Limited	1,05,17,125	46.67%	1,05,17,125	46.67%
XVII	M/s Mugdha Investment & Finance Private Limited	95,47,120	42.37%	95,47,120	42.37%
	Total	2,23,18,465	99.04%	2,23,18,465	99.04%

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 01/04/2018 or 31/03/2019 or during the year ended 31/03/2019.

iii) Change in Promoters' Shareholding: NIL

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 2018

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

Shareholding pattern of top ten shareholders as at 31st March 2019

Sr. No.	Name of Shareholder	Number of shares	% of total shares of the Company
I	Mr. Shah Tushar Subodh	12,500	0.06%
II	Bhargava Hari (HUF)	7,500	0.03%
III	Mr. Jhaveri Ajay	7,500	0.03%
IV	Mr. Bhargava Siddhida	7,500	0.03%
V	Mr. Bhargava Hari	7,500	0.03%
VI	Mr. Kolhatkar Nitin S.	7,000	0.03%
VII	Mr. Bhanjan S.R	5,000	0.02%
VIII	Mr. Chiyyedu Sunit S.	5,000	0.02%
IX	Mr. Pathak Sudhir M.	5,000	0.02%
X	Mr. Agarwal Umesh	5,000	0.02%
XI	Mr. Chatterjee Pritish Amit Kumar	5,000	0.02%
XII	Ms. Gokhale Archana Mukund	5,000	0.02%
XIII	Mr. 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.	Name of Director	Shareholding as at 01/04/2018		Shareholding as at 31/03/2019	
		No. of shares	% to total shares of the Company	No of shares	% to total shares of the Company
I	Mr. Shrikant Raghunath Pophale	11,00,600	4.88%	11,00,600	4.88%
II	Ms. Shilpa Pophale	31,500	0.14%	31,500	0.14%
III	Mrs. Mugdha Rahul Kaskhediker*	22,000	0.10%	22,000	0.10%
IV	Mr. Sudeep Bhatia	-	-	-	-
V	Ms. Khwahish Rawal	-	-	-	-

*Resigned w.e.f. 8th July 2019; intimation to the effect has been sent to RBI

V. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposit				Total Indebtedness
			CC	SD	Inter Corporate Deposit*	Total Deposit	
Indebtedness as at 01 Apr 18							
i) Principal Amount	39,744	2,777	26,966	1,079	937	28,981	71,503
ii) Interest due but not paid	62	-	-	-	99	100	161
iii) Interest accrued but not due	162	-	1,143	486	-	1,630	1,792
Total (i+ii+iii)	39,968	2,777	28,109	1,565	1,036	30,711	73,456
Change in Indebtedness during the financial year							
Addiion	35,591	-	14,134	-	451	14,585	50,176
(Reduction)	(28,684)	(424)	(11,667)	(1,170)	(1,124)	(13,960)	(43,068)
Net Change	6,907	(424)	2,467	(1,170)	(673)	624	7,108
Indebtedness as at 31 Mar 19							
i) Principal Amount	46,509	2,354	29,210	260	300	29,770	78,632
ii) Interest due but not paid	54	-	-	-	63	63	117
iii) Interest accrued but not due	313	-	1,366	136	-	1,502	1,815
Total (i+ii+iii)	46,875	2,354	30,576	396	363	31,335	80,564

*Note : ICD Principal & Interest payable on demand

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 (Whole-Time Director)
1.	Gross Salary	1,25,94,008	42,00,000	8,86,527
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(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	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as percentage of profit	-	-	-
	- others	-	-	-
5.	Others	-	-	-
	Total (A)	1,25,94,008	42,00,000	8,86,527
	Ceiling as per the Act	Rs. 3,11,11,100 /- * (as per Companies Act 2013 Maximum Remuneration can be Paid 10% of Net Profit)		

*Resigned w.e.f. 8th July 2019; intimation to the effect has been sent to RBI

A. Remuneration to other Directors:

(in ₹)

Sr. No.	Name of Director	Particulars of Remuneration			Total
		Fees for attending board/ committee meetings	Commission / Professional fees	Others	
1.	Independent Directors				
	Mr. Venkatesh Srinivasan	50,000	-	-	50,000
	Mr. T. V. Rao	3,75,000	-	-	3,75,000
	Mr. Venkatesan Sridar*	1,50,000	-	-	1,50,000
	Mr. Milind Limaye	3,50,000	-	-	3,50,000
	Total (1)	9,25,000	-	-	9,25,000
2.	Other Non-Executive Directors	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	9,25,000	-	-	9,25,000
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	Rs. 31,11,110 /- (Maximum as per Companies Act 2013)			

*Resigned w.e.f. 22nd July, 2019

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

(in ₹)

Sr. No.	Particulars of Remuneration	Sudeep Bhatia (Chief Financial Officer)*	Khwahish Rawal (Company Secretary)	Total
I.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	73,25,161	7,34,385	80,59,546
	(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	73,25,161	7,34,385	80,59,546

*Resigned w.e.f. 7th June, 2019

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. **NIL**

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

SHRIKANT RAGHUNATH POPHALE
CHAIRMAN
DIN: 00393859

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date: 31st July, 2019

Place: Pune

Governance Philosophy

Electronica Finance Limited (hereinafter referred to as EFL) believes that the highest standards of Corporate Governance are essential in order to sustain excellent performance and to enhance shareholder value, on a consistent 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.

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 2019, EFL's Board comprised of 7 Directors. 4 Directors are Non-Executive Independent Directors and 3 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. Venkatesan Sridar was appointed as Non-Executive Independent Director of the Company w.e.f. 28th May 2018.

During the year, Ms. Shilpa Pophale was reappointed as Managing Director w.e.f. 1st April, 2019 and designated as Key Managerial Personnel of the Company w.e.f. 28th May, 2019.

Number of Board Meetings

During 2018-19, the Board of EFL met 4 times on – 28th May 2018, 30th July 2018, 2nd November 2018 and 5th February 2019. The maximum time gap between any two consecutive meetings was as per applicable regulations.

The Company in consultation with the Directors of the Company prepared a tentative calendar for the next meetings of the Board/Committee to ensure the presence of majority of 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

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2018-19 during tenure	No. of meetings attended	No. of outside Director-ships of public companies*
1.	Mr. Shrikant Pophale	Executive Director	Promoter – Executive	4	4	1
2.	Ms. Shilpa Pophale	Managing Director	Promoter – Executive	4	4	1
3.	Ms. Mugdha Kaskhediker*	Whole Time Director	Promoter – Executive	4	4	-
4.	Mr. Venkatesh Srinivasan	Independent Director	Independent – Non Executive	4	1	1
5.	Mr. T.V. Rao	Independent Director	Independent – Non Executive	4	4	7
6.	Mr. Milind Limaye	Independent Director	Independent – Non Executive	4	4	-
7.	Mr. Sridar Venkatesan**	Independent Director	Independent – Non Executive	4	3	7

* Resigned w.e.f. 8th July 2019; intimation to the effect has been sent to RBI

** Resigned w.e.f. 22nd July, 2019

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

The last Annual General Meeting held on 29th September 2018 was attended by Mr. T. V. Rao, 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/ or 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.

REPORT ON CORPORATE GOVERNANCE

Remuneration paid to Executive Directors

Detailed information of Director's remuneration for the year 2018-19 is given in the table below:

(in ₹)

Name of Director	Remuneration
Mr. Shrikant Raghunath Pophale	Rs. 42,00,000/-
Ms. Shilpa Pophale	Rs. 1,25,94,008/-
Ms. Mugdha Rahul Kaskhediker	Rs. 8,86,527/-

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 2019

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Mr. Shrikant Raghunath Pophale	Promoter – Executive	11,00,600	Nil
Ms. Shilpa Pophale	Promoter – Executive	31,500	Nil
Mrs. Mugdha Rahul Kaskhediker	Promoter – Executive	22,000	Nil
Mr. Venkatesh Srinivasan	Independent – Non Executive	Nil	Nil
Mr. T.V. Rao	Independent – Non Executive	Nil	Nil
Mr. Milind Limaye	Independent – Non Executive	Nil	Nil
Mr. Venkatesan Sridar	Independent – Non Executive	Nil	Nil

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 provisions 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, Bank Borrowing Committee, IT Strategy Committee & Securities Operations Committee.

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 2019, EFL's Audit Committee comprised 3 members — Mr. T. V. Rao, Independent Director, Mr. Milind Limaye, Independent Director, Mr. Venkatesh Srinivasan, Independent 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 Independent Directors. Mr. T. V. Rao, Chairman of the Audit Committee and all members of the Committee possess high degree of accounting and financial management expertise and have sound accounting and financial knowledge. Mr. T. V. Rao Chairman of the Audit Committee was present at the last AGM of the Company.

In 2018-19, the Audit Committee met 4 times on — 28th May 2018, 30th July 2018, 2nd November 2018 and 5th February 2019.

Details of the Audit Committee

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. T. V. Rao	Independent Director	4	4
Mr. Venkatesh Srinivasan	Independent Director	4	0
Mr. Milind Limaye	Independent Director	4	4

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. As per Board mandate, 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.

b) Composition of the Committee

The Nomination and Remuneration Committee comprised of following three Independent Directors as on the 31st March 2019. During FY 2018-19, 2 Meetings of the Nomination and Remuneration Committee were held on the following dates: 28th May 2018 & 5th February 2019. As on 31st March 2019, the Composition of Nomination and Remuneration Committee is as follows:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Mr. Milind Limaye	Independent Director	2	2
Mr. T. V. Rao	Independent Director	2	2
Mr. Venkatesh Srinivasan	Independent Director	2	0

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the Financial Year 2018-19, 1 Meeting of the Corporate Social Responsibility Committee was held on 28th May 2018. As on 31st March 2019 the Corporate Social Responsibility Committee comprising of Ms. Shilpa Pophale, Managing Director, Mr. T.V. Rao, Independent Director and Mrs. Mugdha Rahul Kaskhediker, Whole-Time Director.

The Corporate Social Responsibility Committee functions as under:

- Formulate and recommend to the Board, the Corporate Social Responsibility policy and the activities to be undertaken by the Company.

REPORT ON CORPORATE GOVERNANCE

- 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 2018-19 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	1	1
Mr. T. V. Rao	Independent Director, Non Executive	1	1
Mrs. Mugdha Rahul Kaskhediker	Whole-Time Director	1	1

4. ASSET LIABILITY MANAGEMENT COMMITTEE

During Financial Year 2018–19, 2 meetings of the Asset Liability Management Committee were held on 28th May, 2018 and 4th February, 2019. The composition of the Asset Liability Management Committee and the attendance of its members at its meetings held during FY 2018- 19 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director	2	2
Mr. Shrikant Raghunath Pophale	Executive Director	2	2
Mrs. Mugdha Rahul Kaskhediker	Whole-Time Director	2	2

5. RISK MANAGEMENT COMMITTEE

During Financial Year 2018–19, 2 meetings of the Risk Management Committee were held on 16th April, 2018 and 21st January, 2019. The composition of the Risk Management Committee and the attendance of its members at its meetings held during FY 2018-19 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Shrikant Raghunath Pophale	Executive Director	2	2
Ms. Shilpa Pophale	Managing Director	2	2
Mrs. Mugdha Rahul Kaskhediker	Whole-Time Director	2	2

6. BANK BORROWING COMMITTEE

During Financial Year 2018–19, 10 Meetings of the Bank Borrowing Committee were held on 10th April, 2018, 28th May, 2018, 30th July, 2018, 27th August, 2018, 3rd September, 2018, 16th October, 2018, 17th December, 2018, 25th January, 2019, 5th February, 2019 and 28th March, 2019.

The composition of Bank Borrowing Committee and the attendance of its members at its meetings held during FY 2018-19 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director, Executive	10	10
Mr. Shrikant Raghunath Pophale	Executive Director	10	10
Mrs. Mugdha Rahul Kaskhediker	Whole-Time Director	10	10

7. IT STRATEGY COMMITTEE:

During Financial Year 2018–19, 2 Meetings of the IT Strategy Committee were held on 11th June 2018 and 7th January 2019.

The composition of IT Strategy Committee and the attendance of its Members at its Meetings held during FY 2018-19 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale*	Managing Director	2	-
Mr. Milind Limaye	Independent Director	2	2
Mr. Sudeep Bhatia	Chief Financial Officer	2	2
Mr. Rajendra Bisht**	Head-IT & Systems	2	2
Mr. Amit Gadre*	Senior Vice President	0	0

*Appointed w.e.f. 5th February, 2019

**Resigned from Committee

INDEPENDENT DIRECTOR MEETING

The meeting of the Independent Directors was held on 5th February 2019 without the attendance of Non-Independent Directors and members of management to inter-alia;

- review the performance of Non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- 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, Mr. Milind Limaye and Mr. Venkatesan Sridar.

DISCLOSURES

a) Related Party Disclosure

As required by the Accounting Standard AS-18, the details of Related Party Transactions are given in Note 30 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.

b) Disclosure of Accounting Treatment in Preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 and other relevant provisions of the Act, as applicable. Further, the Company follows the RBI Master Directions for NBFCs. The Financial Statements have been prepared on an accrual basis under the historical cost convention. The Accounting Policies adopted in the preparation of the Financial Statements and detailed disclosures are provided in detail in the Notes to Accounts annexed in Annual Report.

Audit Qualifications

The Company's Financial Statements are free from any qualifications from the Auditors and Company continues to adopt best practices to achieve its Business objectives.

Management Discussion and Analysis

The Management Discussion and Analysis Report is covered in Director's Report

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.

REPORT ON CORPORATE GOVERNANCE

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.

Half Yearly/ Annual results:

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

Green Initiative

As a responsible Corporate citizen, the Company welcomes 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 upcoming Annual General Meeting and being eligible offers herself for re-election.

- **Issuance of Debentures/ Bonds**

The company has issued 2500 secured, rated, redeemable, non-convertible debentures of Rs. 25 Cr. on Private Placement basis.

The Company has issued Rupee Denominated Green Masala Bonds of Rs. 70 Cr under ECB framework

- **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 endeavor to strive for excellence in Corporate Governance.

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

SHRIKANT RAGHUNATH POPHALE
DIRECTOR
DIN: 00393859

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date: 31st July, 2019

Place: Pune

INDEPENDENT AUDITOR'S REPORT

To the Members of Electronica Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Electronica Finance Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
(a) Recognition of interest income as per adjusted IRR (refer note 2.1.b of the financial statements)	
<p>As described in note 2.1.b of the financial statements, the Company recognizes interest income on loans at an internal rate of return (IRR) derived based on the net loan outstanding over the effective tenure after adjusting the cash collateral or security deposit collected from the customer at the inception ('adjusted IRR').</p> <p>Currently, the Company is required to perform these calculations separately in spreadsheets as the loan management system (LMS) calculates interest at the contractual rate, considering the contractual tenure of the loan.</p> <p>Given the extent of manual intervention and the resultant susceptibility of the spreadsheet-based calculation to any error or omission, any discrepancy in the process can have a material impact on the financial statements. This area has therefore necessitated significant attention during our audit.</p>	<ul style="list-style-type: none"> We considered the Company's accounting policy for recognition of interest income as per the adjusted IRR, in accordance with Accounting Standard (AS) 9 on Revenue recognition. We performed test of controls in respect of the loan disbursement and recording process. We performed tests of details on the reports generated from the LMS to test the loans considered for interest computation and also to test the contractual repayment schedule and collections of scheduled installments. We recalculated the interest income, on a sample basis, as per the adjusted IRR i.e. using the net loan outstanding and the adjusted loan tenure. Performed analytical procedures to review the interest income calculated as per the adjusted IRR.

(b) Asset classification and provisioning

(as described in note 2.1.h (i) of the financial statements)

The Company classifies and provides for its loan and advances in accordance with the guidelines issued by the Reserve Bank of India (RBI). These RBI guidelines require classification and provisioning to be done based on the days-past-due (DPD) status of the loan accounts. In the Company's case, the process of asset classification and provisioning involves a significant degree of manual intervention for carrying out the following adjustments:

- Adjustment of cash collateral or security deposit collected from the customer at the loan's inception to determine the revised DPD.
- The asset classification and provisioning rates are applied on the basis of such revised DPD.
- In cases where the Company has repossessed the primary and / or collateral security, the provision is computed on the net exposure (after considering the realizable value of the repossessed security).
- Additionally, the management performs a qualitative assessment of the non-performing loans to identify accounts which are irrecoverable and need to be written off.

In view of the above adjustments carried out on spreadsheets, the process is susceptible to errors or omission, which could give rise to a material misstatement. Therefore, the same has been considered as a key audit matter.

- We considered the Company's accounting policy for asset classification and provisioning in view of relevant RBI guidelines.
- We performed test of controls over the asset classification process in order to test the DPD report generated from the LMS.
- We recalculated the revised DPD determined by the Company after adjusting the cash collateral and security deposits.
- We evaluated the realizable value of repossessed security considered by the management and the basis for such value. We also considered the management's assessment of delinquent loans and the basis used for writing-off irrecoverable loan accounts.
- We tested the arithmetical accuracy of the loan provisioning as at March 31, 2019 and performed analytical procedures to evaluate the overall provisioning as per Company's policy.

(c) IT systems and controls

We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure accurate financial reporting.

- For testing the IT general controls, we included specialized IT auditors as part of our audit team. The specialized team also assisted in testing the information produced by the Company's IT systems.
- We tested the design and operating effectiveness of the Company's IT access controls over the information systems that are critical to financial reporting.
- We tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing that requests for access to systems were appropriately reviewed and authorized.
- We tested the Company's periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization. We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.
- In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting.
- Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

INDEPENDENT AUDITOR'S REPORT

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss 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 Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

INDEPENDENT AUDITOR'S REPORT

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per Shrawan Jalan

Partner

Membership Number: 102102

Pune

May 28, 2019

INDEPENDENT AUDITOR'S REPORT

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

Re: Electronica Finance Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. However, undisputed statutory dues in respect of service tax and goods and service tax have not generally been regularly deposited with the appropriate authorities though the delays in deposit have not been serious.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of disputed dues	Amount disputed (Rs. in lakhs)	Amount paid* (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	108.83	21.76	AY 2015-16 and AY 2016-17	Commissioner of Income Tax (Appeals)

*paid under protest

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a financial institution or bank or dues to debenture holders.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

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

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per Shrawan Jalan

Partner

Membership Number: 102102

Place: Pune

Date: May 28, 2019

INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Electronica Finance Limited (“the Company”) as of March 31, 2019 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

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, 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 over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A company’s internal financial control over financial reporting with reference to these financial statements 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 with reference to these financial statements 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 with Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these financial statements, 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 with reference to these financial statements to future periods are subject to the risk that the

INDEPENDENT AUDITOR'S REPORT

internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per Shrawan Jalan

Partner

Membership Number: 102102

Place: Pune

Date: May 28, 2019

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BALANCE SHEET AS AT MARCH 31, 2019

(₹ in Lakhs)

Particulars	Note	As at March 31, 2019		As at March 31, 2018	
Equity and liabilities					
Shareholders' funds					
Share Capital	3		2,253.46		2,253.46
Reserves and Surplus	4		13,879.67		12,029.68
			16,133.13		14,283.14
Non-current liabilities					
Long-Term Borrowings	5		30,373.64		25,033.07
Long-term liabilities	6		4,550.10		3,862.82
Other long-term liabilities	7		638.92		1,091.01
Long-Term Provisions	8		1,447.04		1,397.59
			37,009.70		31,384.49
Current liabilities					
Short-Term Borrowings	9		2,628.07		3,678.53
Other Current Liabilities	10		27,156.63		21,425.10
Short-Term Provisions	8		273.14		235.93
			30,057.84		25,339.56
TOTAL			83,200.67		71,007.19
Assets					
Non-current assets					
Property, plant and equipment					
Tangible Assets	11		3,863.12		3,999.64
Intangible assets	12		113.05		151.05
Capital work-in-progress	-		1,570.77		574.57
Non-current investments	13		150.68		145.63
Deferred tax asset (net)	14		205.32		137.02
Receivables under financing activity	15	65,098.56		58,454.36	
Less: cash collateral received from borrowers	6	22,686.64	42,411.92	22,340.09	36,114.27
Other loans and advances	16		196.80		194.42
Other Non-Current Assets	17		45.40		590.64
			48,557.06		41,907.24
Current assets					
Current investments	13		-		97.52
Cash and bank balances	18		1,919.03		2,766.71
Receivables under financing activity	15	36,377.91		30,039.78	
Less: cash collateral received from borrowers	6	6,783.52	29,594.39	5,704.64	24,335.14
Other loans and advances	16		269.82		41.94
Other current assets	19		2,860.37		1,858.64
			34,643.61		29,099.95
TOTAL			83,200.67		71,007.19
Summary of significant accounting policies	2.1				
The accompanying notes are an integral part of the financial statements					

As per our report of even date

For S. R. BATLIBOI & CO. LLP**Chartered Accountants**

ICAI Firm Registration No. 301003E/E300005

Per Shrawan Jalan**Partner**

Membership No.102102

Place: Pune

Date: May 28, 2019

**For and on behalf of the Board of Directors of
Electronica Finance Limited****Mr. S.R. Pophale****Chairman**

DIN 00393859

Ms. Shilpa Pophale**Managing Director**

DIN 00182457

Mr. Sudeep Bhatia
Chief Financial Officer**Ms. Khwahish Rawal**
Company Secretary

Place: Pune

Date: May 28, 2019


STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

Particulars	Note	For the year ended March 31, 2019 (Audited)	For the year ended March 31, 2018 (Audited)
Income			
Revenue from operations	20	14,276.72	15,706.29
Other income	21	200.93	342.54
Total revenue (I)		14,477.65	16,048.83
Expenses			
Employee benefits expense	22	2,815.54	2,931.07
Finance costs	23	5,121.63	5,134.87
Customer loyalty bonus	-	1,446.94	1,520.38
Depreciation and amortization expense	-	188.06	319.91
Other expenses	24	1,193.87	1,934.98
Provisions and write-offs	25	800.54	1,476.83
Total expenses (II)		11,566.58	13,318.04
Profit before tax (III) = (I) - (II)		2,911.07	2,730.79
Tax expense / (credit)			
Current tax		901.03	1,296.89
Prior period tax		48.04	13.44
Deferred tax		(68.30)	(256.38)
Total tax expense (IV)		880.77	1,053.95
Profit after tax (III) - (IV)		2,030.30	1,676.84
Earnings per equity share	28		
[Nominal value of share Rs. 10]			
Basic EPS		9.01	7.51
Diluted EPS		8.98	7.51
Summary of significant accounting policies			
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For S. R. BATLIBOI & CO. LLP**Chartered Accountants**

ICAI Firm Registration No. 301003E/E300005

Per Shrawan Jalan**Partner**

Membership No.102102

Place: Pune

Date: May 28, 2019

**For and on behalf of the Board of Directors of
Electronica Finance Limited****Mr. S.R. Pophale****Chairman**

DIN 00393859

Ms. Shilpa Pophale**Managing Director**

DIN 00182457

Mr. Sudeep Bhatia**Chief Financial Officer****Ms. Khwahish Rawal****Company Secretary**

Place: Pune

Date: May 28, 2019


CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
Cash flows from operating activities				
Profit before tax		2,911.07		2,730.79
Adjustments for:				
Depreciation and amortisation	188.06		319.91	
Impairment of assets	23.29		182.11	
Loss / (profit) on sale of fixed assets	(0.06)		(0.23)	
Provision for employee benefits	15.00		(5.38)	
Provision for non-performing assets	119.61		(54.77)	
Contingent provision against standard assets	49.11		86.92	
Loans and other balances written off	634.77		1,772.49	
Stock option expenditure	13.13		2.56	
Dividend income, considered under investing activities	(0.15)		(0.08)	
Income from mutual funds, considered under investing activities	(6.37)	1,036.40	(128.97)	2,174.56
Operating profit before working capital changes		3,947.47		4,905.35
Movements in working capital				
Increase / (decrease) in short term provisions	-		-	
Increase / (decrease) in long term provisions	-		-	
Increase / (decrease) in other current liabilities	4,353.55		1,054.90	
Increase (decrease) in long Term Liabilities	687.28		197.29	
Increase (Decrease) in other Long Term Liabilities	(452.09)		263.52	
Decrease / (increase) in receivables under financing activity	(12,188.72)		(10,069.73)	
Decrease / (increase) in other loans and advances	(36.17)		133.36	
Decrease / (increase) in other current assets	(1,004.68)		968.52	
Decrease / (increase) in other non-current assets	184.40		(30.16)	
Decrease / (increase) in margin money deposits (net)	868.71	(7,587.71)	(269.63)	(7,751.93)
Cash generated from / (used in) operations		(3,640.24)		(2,846.57)
Direct taxes paid (net of refunds)		(1,024.41)		(817.44)
Net cash flows used in operating activities (A)		(4,664.65)		(3,664.01)
Cash flows from investing activities				
Purchase of property, plant and equipment (incl. capital work-in-progress)	(1,060.52)		(2,069.52)	
Capital advances given	(213.06)		-	
Purchase of intangible assets	(12.68)		(22.11)	
Proceeds from sale of property, plant and equipment	35.16		0.54	
Proceeds from sale of investments	97.52		5,900.00	
Purchase of investments	(5.05)		(5.42)	
Income from mutual funds	6.37		128.97	
Dividend received	0.15		0.08	
Net cash flows (used in)/ from investing activities (B)		(1,152.11)		3,932.54
Cash flows from financing activities				
Long-term borrowings (net) (incl. non-convertible debentures)	6,718.55		(4,724.70)	
Short-term borrowings (net)	(1,050.45)		3,582.15	
Proposed dividend and related distribution tax	(191.14)		-	
Proceeds from issue of equity share capital	0.00		250.00	
Net cash flows from / (used in) financing activities ©		5,476.96		(892.54)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		(339.80)		(624.02)
Cash and cash equivalents at the beginning of the year		1,127.66		1,751.67
Cash and cash equivalents at the end of the year (refer note 18)		787.86		1,127.66

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2019

As per our report of even date

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Per Shrawan Jalan

Partner

Membership No.102102

Place: Pune

Date: May 28, 2019

**For and on behalf of the Board of Directors of
Electronica Finance Limited**

Mr. S.R. Pophale

Chairman

DIN 00393859

Ms. Shilpa Pophale

Managing Director

DIN 00182457

Mr. Sudeep Bhatia

Chief Financial Officer

Ms. Khwahish Rawal

Company Secretary

Place: Pune

Date: May 28, 2019

1. Corporate Information

Electronica Finance Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act 1956. The Company is registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI'), as defined under section 45IA of the Reserve Bank of India Act, 1934. The Company is engaged primarily in the business of asset financing and hire-purchase transactions.

2. Basis of preparation

- a. 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 (as amended), and the provisions of the RBI applicable as per Master Directions - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016, as amended from time to time ('the NBFC Master Directions').
- b. The financial statements have been prepared under the historical cost convention on an accrual basis except as stated in note 2.1(b).
- c. The accounting policies applied in the preparation of the financial statements by the Company are consistent with those of the previous year.

2.1 Summary of Significant Accounting Policies

a. 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.

b. 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.

- (i) Interest income on loans given is recognised under the internal rate of return (IRR) method (on a time proportion basis taking into account the amount outstanding and the rate applicable). The IRR considered for such income recognition is determined based on the net loan amount outstanding (i.e. net of the related cash collateral/ security deposit received from the customer at the inception of the loan) at the effective tenure of the loan.

Hire-purchase charges are recognized over the tenure of the agreement.

Income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.

- (ii) Interest income on deposits with banks and financial institutions is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (iii) Loan processing fees and related charges are recognized as and when the corresponding loans are disbursed.
- (iv) Penal interest / cheque return charges are recognized based on certainty of realization.
- (v) Gains, if any, arising on securitization / assignment of loans are recognized over the tenure of the underlying loan portfolio and any loss arising therefrom is accounted for immediately. The excess interest spread on securitization / assignment transactions is recognized in the statement of profit and loss on accrual basis over the life of the underlying loan portfolio.
- (vi) All other incomes are recognized on accrual basis.

c. Foreign currency transactions

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.

NOTES TO FINANCIAL STATEMENTS

Conversion: Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year

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.

d. Property, Plant and Equipment

- (i) Property, plant and equipment, 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 property, plant and equipment 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 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.

On 30th March 2017, the Company revalued all its buildings existing on that date by creating a corresponding revaluation reserve.

(iii) Depreciation on property, plant and equipment

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

Type of tangible assets	Useful life (years)
Building	60
Plant and machinery	15
Computers	3
Servers and networks	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

- (iv) Depreciation on additions / deletions is charged on a pro-rata basis.
- (v) Additional depreciation arising on account of upward revaluation of assets is charged to the statement of profit and loss account.

e. 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 as per useful lives of respective assets.

f. Impairment of Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying

amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g. Investments

Investments which are readily realisable 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. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

h. Receivables under financing activity / Hire purchase arrangement

Receivables under financing activity represent principal and matured finance charges outstanding as the reporting date, as reduced by the outstanding / unadjusted amount of the cash collateral/ security deposit received from the customer at the inception of the loan. Loans against which the primary security and/ or the collateral asset has been repossessed are recognized at the adjusted value after adjusting the realizable value of the security/ collateral repossessed and the security deposit/ cash collateral received from the customer at the inception of the loan.

Loan assets securitized or assigned are de-recognized from the balance sheet when they are transferred upon fulfillment of 'true sale' criteria as stipulated by the Reserve Bank of India.

Hire Purchase assets are valued at un-matured principal amount outstanding as increased by any overdue principal.

(i) Classification and provisioning

Receivables under financing activity, other advances and hire-purchase assets are classified as standard, sub-standard, doubtful and loss assets in accordance with the NBFC Master Directions.

Receivables under financing activity, other advances and hire-purchase assets are provided for at the higher of management estimates and provision required as per the NBFC Master Directions.

The provision for non-performing assets is made after adjusting the value of cash collateral/ security deposit held, together with interest accrued thereon.

(ii) Write-off of loan assets

All such receivables under financing activity, other advances and hire-purchase assets, where tenure of the loan has completed and in the opinion of the management the receivables are not recoverable, are written off.

i. Customer loyalty bonus (expense)

The Company pays loyalty bonus to its loan customers as a consideration for their patronage and continued servicing of the loan availed from the Company. As per the terms of the loan agreement for loans disbursed after September 2018, the borrower shall not be entitled to any loyalty bonus in event the facility is prepaid or foreclosed.

As per the terms of the loan agreement for loans disbursed before September 2018, the total amount to be paid as loyalty bonus, if the loan runs its full contractual tenure, is specified in the loan agreement which is subject to discounting if the loan is foreclosed. Accordingly, depending upon when the loan is foreclosed, the amount of loyalty bonus to be paid is adjusted as follows:

Loan foreclosed within	Percentage paid
1 month to 24 months	0%
25 months to 36 months	50%
37 months to 60 months	75%

NOTES TO FINANCIAL STATEMENTS

The Company accrues the proportionate expense towards loyalty bonus based on the above percentages as and when the elapsed loan tenure crosses the specified milestone months.

j. Retirement and other employee 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 employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Leave encashment

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

(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 and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.

The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

k. Income taxes

- (i) Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- (ii) Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.
- (iii) Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- (iv) The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- (v) Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for

NOTES TO FINANCIAL STATEMENTS

which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

I. 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. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

(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.

m. Leases (where the Company is the lessee)

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased assets 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.

n. 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 the Company incurs in connection with the borrowing of funds.

o. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

p. Cash and cash equivalents

Cash comprises cash on hand, demand deposits with banks. 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.

q. Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortised over the vesting period of the option on the straight line basis.

(₹ in Lakhs)

3. Share capital	As at March 31, 2019		As at March 31, 2018	
Share Capital (In Numbers):				
Authorized:				
30,000,000 (Previous year: 30,000,000) equity shares of Rs.10 each		3,000.00		3,000.00
		3,000.00		3,000.00
Issued, subscribed and fully paid-up:				
22,534,645 (Previous year 22,534,645) equity shares of Rs.10 each		2,253.46		2,253.46
TOTAL		2,253.46		2,253.46

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the period	2,25,34,645	2,253.46	2,21,10,700	2,211.07
Issued during the period	-	-	4,23,945	42.39
Shares outstanding at the end of the period	2,25,34,645	2,253.46	2,25,34,645	2,253.46

b. Terms / rights attached to equity shares

The Company has only one class of equity shares, having a par value of Rs.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.

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

No bonus shares have been issued during the period of five years immediately preceding the reporting date.

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of Shares (In Lakhs)	% holding	No. of Shares (In Lakhs)	% holding
Equity shares of Rs.10 each				
Electronica Industries Limited	105.17	46.67%	105.17	46.67%
Mugdha Investment & Finance Private Limited	95.47	42.37%	95.47	42.37%

e. For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 32.

f. Proposed dividend

The final dividend proposed on equity shares for the year is as follows

Particulars	As at March 31, 2019		As at March 31, 2018
Face value (Rs.)		10.00	10.00
Dividend per share (Rs.)		0.70	0.70
Amount of dividend (including tax on dividend) (Rs. in lakhs)		191.14	190.75


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

4. Reserves and surplus	Mar 31, 2019	Mar 31, 2018
Capital reserves	6.76	6.76
Capital redemption reserve	4.89	4.89
General reserve		
Balance as per last financial statements	259.79	259.79
Add : Transferred from Revaluation Reserve	41.28	-
Closing balance	301.07	259.79
Securities premium account		
Balance as per last financial statements	261.77	54.16
Add: additions on issue of shares during the year	-	207.61
Less: utilised during the year	-	-
Closing balance	261.77	261.77
Employee stock option outstanding		
Balance as per last financial statements	2.56	-
Add: compensation of options granted during the year	13.13	2.56
Less: amount transferred towards options expired unexpired	-	-
Less: transferred to securities premium on exercise of stock options	-	-
Closing balance	15.69	2.56
Revaluation reserve		
Balance as per last financial statements	1,972.75	1,889.25
Add: additions / adjustments during the year *	-	83.50
Deduct : Loss on sale of revalued asset	2.30	
Deduct : Transferred to General Reserve	41.28	-
Closing balance	1,929.17	1,972.75
Statutory reserve		
Balance as per last financial statements	2,412.43	2,077.06
Add: amount transferred from statement of profit and loss	406.06	335.37
Closing balance	2,818.49	2,412.43
Surplus in the statement of profit and loss		
Balance as per last financial statements	7,108.73	5,767.26
Add: profit for the year	2,030.30	1,676.84
Less: transferred to Statutory Reserve (20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)	406.06	335.37
Less: Proposed dividend and related distribution tax	191.14	-
Closing balance	8,541.83	7,108.73
TOTAL	13,879.67	12,029.68

* Rs. 83.50 lakhs represents adjustment towards prior years' additional depreciation on account of revaluation of assets (initially adjusted against revaluation reserve) charged off to profit and loss in previous year.


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

5. Long-term borrowings	Non-Current		Current Maturities	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Secured borrowings				
Debentures				
1,000 (March 31, 2018 : 1000) 10.75% Secured, Redeemable, Non-convertible Debentures of Rs.100,000 each redeemable in equal quarterly instalments starting from the end of third month from the deemed date of allotment i.e. October 17, 2017	100.00	500.00	400.00	400.00
'2500 (March 31, 2018 : Nil) 10.40% Secured, Redeemable, Non-convertible Debentures of Rs.1,00,000 each redeemable at the end of Four year on July 1st 2020	-	-	2,500.00	-
529 (March 31, 2018 : 529) 10.95% Secured, Redeemable, Non-convertible Debentures of face value of Rs.1,000,000 each redeemable at the end of 48 months from the deemed date of allotment i.e. March 30, 2017	5,290.00	5,290.00	-	-
Bonds				
Masala Bonds	7,000.00	-	-	-
Term loans				
- Indian rupee loan from banks	13,399.12	13,667.78	9,109.86	10,178.29
- Indian rupee loan from financial institutions	3,684.52	3,221.79	2,760.48	3,843.76
Unsecured borrowings				
Subordinated debt				
- Indian rupee loan from banks	-	-	-	23.81
- non-banking financial companies 250 (March 31, 2018 : 250), 14.50% Subordinated, Redeemable, Non-Convertible Debentures of face value of Rs.1,000,000 each redeemable at par in 5 equal annual instalments of Rs. 40,000,000 each plus 1 instalment of Rs. 50,000,000 on September 30, 2021.	900.00	1,300.00	400.00	400.00
- others 359 (March 31, 2018 : 359), Subordinated, Redeemable, Convertible Bonds of face value of Rs. 25,000 each redeemable at par after 63 months from the date of allotment.	-	89.75	89.75	-
1,946 (March 31, 2018 : 1,946), Subordinated, Redeemable, Convertible Debentures of face value of Rs. 25,000 each redeemable at par on October 31, 2019	-	486.50	486.50	-
1,909 (March 31, 2018 : 1,909), Subordinated, Redeemable, Convertible Debentures of face value of Rs. 25,000 each redeemable at par on February 29, 2020	-	477.25	477.25	-
TOTAL	30,373.64	25,033.07	16,223.84	14,845.86
The above amount includes				
Secured borrowings	29,473.65	22,679.57	14,770.34	14,422.05
Unsecured borrowings	900.00	2,353.50	1,453.50	423.81
Amount disclosed under the head "Other current liabilities" (note 10)	-	-	(16,223.84)	(14,845.86)
TOTAL	30,373.65	25,033.07	-	-
Nature of security			As at March	As at March
			31, 2019	31, 2018
Loans secured by hypothecation (exclusive charge) of portfolio loans			39,065.38	30,828.00
Loans secured by hypothecation (exclusive charge) of portfolio loans and margin money deposits			897.03	2,096.62
Loans secured by hypothecation of fixed assets			4,281.57	4,177.00
TOTAL			44,243.99	37,101.62

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

5A: Terms of repayment of long term borrowings (term loans, debentures and subordinated debt) as on March 31, 2019**Term Loans**

(₹ in Lakhs)

Original maturity of loan	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-4 years		> 4 years		Total
	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly repayment											
1 - 4 Years	1										-
	4	126.56									126.56
	5	62.46									62.46
	6	688.83									688.83
	7	390.43									390.43
	10	461.68									461.68
	12	878.01									878.01
	12	692.99	6	346.41							1,039.40
	12	500.04	9	374.13							874.17
	12	642.42	12	641.67							1,284.09
	12	1,016.92	12	1,120.07	2	111.20					2,248.19
	12	285.71	12	285.71	5	119.05					690.48
	12	250.08	12	250.08	6	124.71					624.87
	12	955.82	12	963.32	7	571.83					2,490.98
	12	466.75	12	517.25	8	333.93					1,317.93
	12	1,020.07	12	996.00	10	828.00					2,844.07
	12	591.55	12	693.49	12	767.03	1	67.73			2,119.79
	12	1,050.00	12	1,050.00	12	1,050.00	12	1,050.01			4,200.00
4 - 7 Years	12	300.01	12	300.00	12	300.00	12	300.00	11	275.00	1,475.01
	12	250.00	12	250.00	12	250.00	12	250.00	21	437.50	1,437.50
Quarterly repayment											
1 - 4 Years	-	-	-	-							-
	4	250.00	2	125.00							375.00
	4	300.00	4	300.00	3	225.00					825.00
	4	300.00	4	300.00	4	297.03					897.03
	4	200.00	4	200.00	4	200.00	2	100.00			700.00
	4	190.00	4	190.00	4	190.00	4	190.00	3	142.50	902.50
Bullet Repayment Schedule											
1-4 Years	1	1,053.50	-	-	-	-	-	-	-	-	1,053.50
Total		12,923.84		8,903.13		5,367.77		1,957.74		855.00	30,007.49
Rate of interest: 9.00% to 12.00% [for borrowings availed till previous year]											
9.30% to 12.55% [for borrowings availed in current year]											
Unsecured Subordinated Debt											
Quarterly repayment											
1 - 4 Years	1	-	-	-	-	-	-	-	-	-	-
Yearly Repayment											
1 - 4 Years	1	400.00	1	400.00	1	500.00	-	-	-	-	1,300.00
Bullet repayment											
1 - 4 Years	-	-	-	-	-	-	-	-	-	-	-
Total		400.00		400.00		500.00		-		-	1,300.00
Rate of interest: 7.00% to 14.50%											
Secured Non-Convertible Debentures											
Quarterly repayment											
1 - 4 Years	4	400.00	1	100.00	-	-	-	-	-	-	500.00
Bullet repayment											
1 - 4 Years	1	2,500.00	1	5,290.00	-	-	-	-	-	-	7,790.00
Total		2,900.00		5,390.00		-		-		-	8,290.00
Rate of interest: 10.40% to 10.95%											
Bonds											
Bullet repayment											
1 - 4 Years	-	-	-	-	-	-	-	-	-	-	-
4-7 Years	-	-	-	-	-	-	1	3,500.00	1	3,500.00	7,000.00
Grand Total		16,223.84		14,693.13		5,867.77		5,457.73		4,355.00	46,597.48

5B: Terms of repayment of long term borrowings (term loans, debentures and subordinated debt) as on March 31, 2018**Term Loans**

(₹ in Lakhs)

Original maturity of loan	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-4 years		> 4 years		Total
	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly repayment											
	1	28.99	-	-	-	-	-	-	-	-	28.99
	4	361.00	-	-	-	-	-	-	-	-	361.00
	7	329.47	-	-	-	-	-	-	-	-	329.47
	12	133.12	-	-	-	-	-	-	-	-	133.12
	12	497.92	-	-	-	-	-	-	-	-	497.92
	12	177.02	5	61.88	-	-	-	-	-	-	238.90
	12	461.23	5	206.58	-	-	-	-	-	-	667.81
	12	512.57	10	460.83	-	-	-	-	-	-	973.40
	12	505.32	12	505.32	6	252.66	-	-	-	-	1,263.30
	12	500.04	12	500.04	9	374.18	-	-	-	-	1,374.26
	11	553.58	12	659.70	12	723.38	1	63.34	-	-	2,000.00
	12	641.67	12	641.67	12	642.22	-	-	-	-	1,925.55
	12	285.71	12	285.71	12	285.71	5	119.05	-	-	976.19
	12	250.08	12	250.08	12	250.08	6	124.67	-	-	874.91
	12	190.04	12	209.94	12	231.92	6	124.91	-	-	756.81
	12	250.00	12	250.00	12	250.00	7	145.83	-	-	895.83
1 - 4 Years	12	996.00	12	996.00	12	996.00	10	828.00	-	-	3,816.00
	4	114.29	-	-	-	-	-	-	-	-	114.29
	6	166.72	-	-	-	-	-	-	-	-	166.72
	7	274.92	-	-	-	-	-	-	-	-	274.92
	9	450.00	-	-	-	-	-	-	-	-	450.00
	10	285.81	-	-	-	-	-	-	-	-	285.81
	11	305.56	-	-	-	-	-	-	-	-	305.56
	12	300.00	-	-	-	-	-	-	-	-	300.00
	12	354.28	-	-	-	-	-	-	-	-	354.28
	12	333.36	4	111.04	-	-	-	-	-	-	444.40
	12	46.68	4	15.52	-	-	-	-	-	-	62.20
	12	881.64	6	481.38	-	-	-	-	-	-	1,363.02
	12	666.67	7	386.77	-	-	-	-	-	-	1,053.43
	12	624.00	12	628.00	-	-	-	-	-	-	1,252.00
	12	250.00	12	250.01	-	-	-	-	-	-	500.01
	12	187.64	12	187.50	6	93.75	-	-	-	-	468.89
4 - 7 Years	12	166.11	12	182.60	12	200.72	12	220.64	1	16.92	787.00
	12	125.00	12	166.67	12	166.67	12	166.67	24	375.00	1,000.00
Quarterly repayment											
	2	769.03	-	-	-	-	-	-	-	-	769.03
	4	400.00	4	400.00	1	100.00	-	-	-	-	900.00
1 - 4 Years	4	250.00	4	250.00	2	125.00	-	-	-	-	625.00
	4	300.00	4	300.00	4	300.00	3	225.00	-	-	1,125.00
	4	296.61	4	300.00	4	300.00	4	300.00	-	-	1,196.61
Total		14,222.05		8,687.24		5,292.29		2,318.12		391.92	30,911.62


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

5B: Terms of repayment of long term borrowings (term loans, debentures and subordinated debt) as on March 31, 2018**Term Loans**

(₹ in Lakhs)

Original maturity of loan	Due within 1 year		Due within 1-2 years		Due within 2-3 years		Due within 3-4 years		> 4 years		Total
	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Rate of interest: 9.00% to 13.00% [for borrowings availed till previous year]											
8.40% to 10.75% [for borrowings availed in current year]											
Unsecured Subordinated Debt											
Quarterly repayment											
1 - 4 Years	1	23.81	-	-	-	-	-	-	-	-	23.81
Yearly Repayment											
1 - 4 Years	1	400.00	1	400.00	1	400.00	1	500.00	-	-	1,700.00
Bullet repayment											
1 - 4 Years	-	-	1	1,053.50	-	-	-	-	-	-	1,053.50
Total		423.81		1,453.50		400.00		500.00		-	2,777.31
Rate of interest: 7.00% to 14.50%											
Secured Non-Convertible Debentures											
Quarterly repayment											
1 - 4 Years	4	200.00	4	200.00	4	200.00	4	200.00	2	100.00	900.00
Bullet repayment											
1 - 4 Years	-	-	-	-	1	5,290.00	-	-	-	-	5,290.00
Total		200.00		200.00		5,490.00		200.00		100.00	6,190.00
Rate of interest: 10.75% to 10.95%											
Grand Total		14,845.86		10,340.74		11,182.29		3,018.12		491.92	39,878.93


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

6. Long-term liabilities	Non-Current		Current Maturities	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
A. Deposits from borrowers in respect of on-balance sheet loans #				
Security deposit	14.92	227.48	245.10	851.67
Cash collateral	22,671.72	22,112.61	6,538.42	4,852.97
	22,686.64	22,340.09	6,783.52	5,704.64
# Shown as an adjustment from receivables under financing activity.				
B. Deposits from borrowers in respect of assigned / securitised / managed loans (net) *				
Security deposit	28.65	179.67	318.31	1,101.74
Cash collateral	4,521.45	3,683.15	3,242.84	1,308.08
	4,550.10	3,862.82	3,561.15	2,409.82
* Amounts in respect of assigned/ securitised loans is shown net of excess interest spread (EIS) accrued of Rs.823 lakhs (Previous year: Rs.690 lakhs) adjustable against the cash collateral upon maturity of the underlying transaction.				
Amount disclosed under the head "Other current liabilities" (note 10)	-	-	(3,561.15)	(2,409.82)
	4,550.10	3,862.82	-	-

(₹ in Lakhs)

7. Other long-term liabilities	Non-Current		Current Maturities	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Loyalty bonus on cash collateral #	633.59	717.56	732.49	426.14
Interest on security deposits	4.26	119.13	131.62	367.15
Interest on subordinated debt (others)	-	253.82	365.13	-
Security deposits on investment property	1.07	0.50	-	-
	638.92	1,091.01	1,229.24	793.29
Amount disclosed under the head "Other current liabilities" (note 10)	-	-	(1,229.24)	(793.29)
	638.92	1,091.01	-	-

The Company pays a certain amount as 'loyalty bonus' to its borrowers upon maturity of the underlying loan agreement subject to continuity of the loan contract for a pre-defined period. The provision towards Customer loyalty bonus payable to the customers on maturity of the cash collateral has been determined by the management based on the percentages defined in agreement and when the elapsed loan tenure crosses the specified milestone months. Accordingly, a provision of Rs.1,517 lakhs (gross of TDS deductible thereon) at March 31, 2019 (against the total loyalty bonus of Rs.5,915 lakhs – which may accrue over the entire tenure of live loans subject to their respective completion of tenure) has been made and the balance amount of Rs. 4,398 lakhs is contingent upon completion of respective milestone tenures as defined in the loan agreement.

(₹ in Lakhs)

8. Provisions	Non-Current		Current Maturities	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Provision for employee benefits				
Provision for gratuity (refer note 33)	23.37	22.76	-	-
Provision for leave benefits	-	-	130.16	115.77
Other provisions				
Provision for taxation (Net of advance tax)	840.20	937.25	-	-
Contingent provision against standard assets	255.86	229.57	142.98	120.16
Provision for non-performing assets	327.61	208.01	-	-
TOTAL	1,447.04	1,397.59	273.14	235.93
* Income tax (net) consists of				
Income tax provision	3,053.58	2,159.80		
Less :				
Tax deducted at source	1,449.19	873.37		
Advance tax	764.19	349.18		
TOTAL	840.20	937.25		


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

9. Short-term borrowings	Mar 31, 2019	Mar 31, 2018
Loans repayable on demand		
Cash credit from banks	881.32	2,142.35
Working capital demand loan	1,383.48	499.99
Inter corporate deposits	-	282.00
Loans and advances from related parties		
Inter corporate deposits	24.43	30.00
Short-term advances from directors and their relatives	338.84	724.19
TOTAL	2,628.07	3,678.53
The above amount includes		
Secured borrowings	2,264.80	2,642.34
Unsecured borrowings	363.27	1,036.19
Cash credit from bank is secured by hypothecation of book-debts, collateral security of immovable properties of the Company and personal guarantee of the Managing Director.		

(₹ in Lakhs)

10. Other current liabilities	Mar 31, 2019	Mar 31, 2018
Current maturities of		
long term borrowings	16,223.84	14,845.86
deposits from customers in respect of assigned / securitized loans	3,561.15	2,409.82
other long term liabilities	1,229.24	793.29
Interest accrued but not due on borrowings, term loan and NCD	366.38	224.17
Unpaid dividend	2.20	1.04
Payable towards assignment / securitisation transactions	861.12	891.07
Received from borrowers against loans disbursed subsequently	670.97	861.80
Payable to customers / borrowers	1,081.19	939.62
Insurance premium payable against machine / transit insurance	22.73	119.23
Statutory dues payable	243.24	106.95
Expenses payable	145.14	82.94
Employee benefits payables	148.46	85.91
Bank overdraft	2,547.23	-
Others	53.74	63.40
TOTAL	27,156.63	21,425.10


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

11. Property, plant and equipment - Tangible Assets	Land	Building	Plant and Machinery	Computers	Office Equipment	Furniture and Fixture	Vehicles	Total
Cost								
at April 01, 2017	-	2,539.55	185.44	60.98	161.16	321.63	84.39	3,353.15
Revaluation of Assets	-	-	-	-	-	-	-	-
Additions	1,389.96	-	-	29.99	24.54	50.37	-	1,494.86
Disposals	-	-	-	-	0.19	0.12	-	0.31
Adjustments	-	45.97	-	-	-	-	-	45.97
at March 31, 2018	1,389.96	2,493.58	185.44	90.97	185.51	371.88	84.39	4,801.73
Revaluation of Assets	-	-	-	-	-	-	-	-
Additions	-	-	-	32.29	23.28	8.76	-	64.33
Disposals	-	38.44	-	0.30	0.08	-	-	38.82
Adjustments	-	172.80	-	-	-	-	-	172.80
at March 31, 2019	1,389.96	2,282.34	185.44	122.96	208.71	380.64	84.39	4,654.44
Depreciation								
at April 01, 2017	-	163.79	46.47	16.15	64.20	89.86	48.88	429.35
Charge for the year	-	54.57	12.14	33.27	41.43	39.98	10.14	191.53
Depreciation on revaluation amount	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
at March 31, 2018	-	218.36	58.61	49.42	105.63	129.84	59.02	620.88
Charge for the year	-	47.71	0.11	25.95	28.23	25.63	9.73	137.36
Disposals	-	1.14	-	0.28	-	-	-	1.42
Adjustments	-	169.99	-	-	-	-	-	169.99
at March 31, 2019	-	94.94	58.72	75.09	133.86	155.47	68.75	586.83
Impairment loss								
at April 01, 2017	-	-	-	-	-	-	-	-
at March 31, 2018	-	-	125.95	-	1.97	53.29	-	181.21
Charge for the year	-	-	0.78	-	0.85	21.66	-	23.29
at March 31, 2019	-	-	126.73	-	2.82	74.95	-	204.50
Net Block								
at March 31, 2018	1,389.96	2,275.22	0.88	41.55	77.91	188.75	25.37	3,999.64
at March 31, 2019	1,389.96	2,187.40	(0.00)	47.87	72.03	150.22	15.64	3,863.12

In current year, the company has recognised the impairment loss on write-down of certain furniture, office equipment and computer to the recoverable amount.

 **NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2019

(₹ in Lakhs)

12. Intangible assets	Computer software
Cost	
at April 01, 2017	349.67
Additions	22.11
Disposal	-
at March 31, 2018	371.78
Additions:	12.68
Disposal	-
at March 31, 2019	384.46
Amortization	
at April 01, 2017	175.09
Charge for the year	44.73
Amortization on disposal	-
at March 31, 2018	219.82
Charge for the year	50.68
Amortization on disposal	-
at March 31, 2019	270.50
Impairment loss	
at April 01, 2017	-
at March 31, 2018	0.91
Charge for the year	-
at Sept 30, 2018	0.91
Net Block	
As on 31-03-2018	151.05
As on 31-03-2019	113.05
In previous year, the company had recognised the impairment loss on account of write-down of certain software, pertaining to entertainment division, to the recoverable amount.	


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

13. Investments	Non-Current		Current Maturities	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Non-trade investments (valued at costs unless stated otherwise)				
Investment in equity instruments (quoted)				
7500 (March 31, 2018:7500) equity shares of J. M. Financials Limited of Rs.1 each fully paid up	1.17	1.17	-	-
617 (March 31, 2018: 617) equity shares of Indian Seamless Enterprises Limited of Rs.10 each fully paid up	0.01	0.01	-	-
Investment in equity instruments (unquoted)				
280 (March 31, 2018:280) equity shares of Electronica Machine Tools Limited of Rs.10 each fully paid up	0.21	0.21	-	-
6661 (March 31, 2018:6611) of equity shares of Electronica Industries Limited of Rs.10 each fully paid up	10.96	5.91	-	-
1000 (March 31, 2018:1000) equity shares of The Saraswat Co-operative Bank Ltd of Rs.10 each fully paid up	0.10	0.10	-	-
250 (March 31, 2018: 250) equity shares of The Rajashri Shahu Sahakari Bank Ltd each fully paid up	0.25	0.25	-	-
Investment in preference instruments (unquoted)				
7546 (March 31, 2018:7546) preference shares of Electronica Tungsten Limited of Rs.100 each fully paid up	0.05	0.05	-	-
Investment In properties	-	-	-	-
Own Building - Kharghar Shop	45.97	45.97	-	-
Own Building - Kharghar flat	28.98	28.98	-	-
Own Flat - Green Valley - Faridabad	62.98	62.98	-	-
Investment in others (unquoted)				
- (March 31, 2018: 2,82,746.12) units of Bajaj Allianz Secure Gain Fund (ULIP)	-	-	-	97.52
TOTAL	150.68	145.63	-	97.52
Aggregate value of quoted investments (Market value: Rs. 9.95 Lakhs)	1.17	1.17	-	-
Aggregate value of unquoted investments	149.51	144.46	-	97.52

(₹ in Lakhs)

14. Deferred tax asset (net)	Mar 31, 2019	Mar 31, 2018
Deferred tax asset		
Impact of expenditure charged to statement of profit & loss in the current period but allowed for tax purposes on payment basis		
Provision for standard and non-performing assets	148.93	113.46
Impairment of assets	-	-
Others	47.85	38.48
Gross deferred tax asset	196.78	151.94
Deferred tax liability		
Fixed assets : impact of difference between tax depreciation and Depreciation / amortization charged for the financial reporting	-	-
Gross Deferred tax liability	8.54	14.92
Net deferred tax asset	205.32	137.02

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

15. Receivables under financing activity	Non-Current		Current	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Secured loans				
Considered good *	60,997.16	52,200.59	33,190.49	26,388.31
Considered doubtful **	1,765.92	1,064.20	-	-
Unsecured loans				
Considered good *	2,117.36	4,759.22	2,856.66	3,093.96
Considered doubtful **	-	-	-	-
Hire-purchase stock (Secured)				
Considered good *	218.12	430.35	330.76	557.51
Considered doubtful **	-	-	-	-
Receivables under financing activity	65,098.56	58,454.36	36,377.91	30,039.78
* Represent standard assets in accordance with Company's asset classification policy				
** Represent non-performing assets in accordance with Company's asset classification policy				

(₹ in Lakhs)

16. Other loans and advances	Non-Current		Current	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Security deposits	89.21	67.88	-	-
Others				
Prepaid expenses	-	-	13.82	18.02
Advance to vendors	-	-	31.67	14.02
Capital Advance	-	-	213.06	-
Advance income tax	107.59	126.54	-	-
Statutory dues	-	-	-	4.65
Others	-	-	11.27	5.25
TOTAL	196.80	194.42	269.82	41.94

(₹ in Lakhs)

17. Other non-current assets	Mar 31, 2019	Mar 31, 2018
Other bank balances - non-current part		
Margin money deposit	0.34	361.17
Interest accrued on deposit with banks	0.03	33.85
Deposit with financial institution	44.79	183.39
Interest accrued on deposit with financial institutions	0.24	12.23
TOTAL	45.40	590.64

(₹ in Lakhs)

18. Cash and bank balances	Non-Current		Current	
	Mar 31, 2019	Mar 31, 2018	Mar 31, 2019	Mar 31, 2018
Cash and cash equivalents				
Balance with banks				
In current accounts	-	-	720.49	495.28
In Cash credit accounts	-	-	27.56	631.38
Deposits with original maturity of less than three months	-	-	38.50	-
Cash on hand	-	-	1.31	1.00
			787.86	1,127.66
Other bank balances				
Margin money deposit	0.34	361.17	1,131.17	1,639.05
	0.34	361.17	1,131.17	1,639.05
Amount disclosed under non current assets (refer note 17)	(0.34)	(361.17)	-	-
TOTAL	-	-	1,919.03	2,766.71

 **NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2019

(₹ in Lakhs)

19. Other current assets	Mar 31, 2019	Mar 31, 2018
Other current assets:		
Receivable from customers	1,098.85	253.61
Infrastructure charges receivable	16.57	15.95
Receivable from customers under co-branding arrangement	217.58	314.25
Interest accrued but not due	793.53	726.74
Asset acquired in satisfaction of debts	413.64	93.69
Interest accrued on deposit with banks	77.40	54.61
Deposit with financial institution	213.82	387.07
Interest Accrued on Deposit with financial institutions	23.58	4.92
Others	5.40	7.80
TOTAL	2,860.37	1,858.64

 **NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2019

(₹ in Lakhs)

20. Revenue from operations	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
Revenue from operations		
Interest income on portfolio loans	11,112.51	12,173.93
Excess interest spread on securitization / income from assignment	823.05	1,430.66
Hire purchase charges	88.95	201.29
Income from co-branding arrangement	65.49	117.13
Other operating revenue		
Loan processing fees	1,322.18	990.79
Penal interest	324.89	315.28
Recovery against loan written off	172.48	63.14
Interest on margin money deposits	112.00	161.82
Prepayment charges	255.17	252.25
TOTAL	14,276.72	15,706.29

(₹ in Lakhs)

21. Other income	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
Dividend	0.15	0.08
Profit on sale of mutual funds	6.37	128.97
Infrastructure charges received	86.19	86.59
Profit on sale of fixed asset	0.06	0.23
Other non-operating income	108.16	126.67
TOTAL	200.93	342.54

(₹ in Lakhs)

22. Employee benefits expense	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
Salaries and incentives	2,398.19	2,498.23
Bonus	31.87	33.43
Contribution to provident and other funds	110.75	126.88
Staff welfare expenses	52.31	51.68
Leave benefits	51.11	67.48
Gratuity (refer note 33)	23.37	22.76
Employee stock option scheme (refer note 32)	13.13	2.56
Directors' remuneration	134.81	128.05
TOTAL	2,815.54	2,931.07

(₹ in Lakhs)

23. Finance costs	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
Interest		
on term loans from banks (including subordinated loans)	2,778.38	3,317.06
on term loans from financial institutions		
on non convertible debentures (including subordinated debts)	1,221.55	1,018.54
on cash credit from banks	272.30	39.53
on working capital demand loan	327.65	123.74
on security deposits	63.78	237.55
on others	130.64	151.09
on tax payable	2.56	-
Total interest expenses	4,796.86	4,887.51
Bank charges	8.20	13.48
Processing fees	231.84	166.65
Other finance costs	84.73	67.23
TOTAL	5,121.63	5,134.87

(₹ in Lakhs)

24. Other expenses	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
Rent, rates and taxes (refer note 31)	147.91	133.72
Electricity expenses	43.93	40.16
Insurance	55.58	42.28
Payment to the auditors (refer note below)	12.50	21.73
Legal and professional fees	153.69	242.99
GST expenses	69.90	60.24
Telephone expenses	53.72	65.71
CSR expenditure (refer note 35)	37.50	41.75
Business promotion expenses	67.33	63.25
Conference expenses	32.79	88.44
Travelling / conveyance expenses	212.81	256.47
Directors' sitting fees	10.08	13.30
Directors' remuneration	42.00	42.00
IT expenses	51.90	41.29
Training and recruitment	41.90	64.15
Other balances written off	2.95	327.81
Impairment of assets	23.29	182.11
Miscellaneous expenses	134.09	207.58
TOTAL	1,193.87	1,934.98
Payment to auditors		
As auditor :		
Audit fees	7.50	18.53
Limited review	4.50	3.00
Reimbursement of expenses	0.50	0.20
TOTAL	12.50	21.73


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(₹ in Lakhs)

25. Provisions and write-offs	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
Contingent provision against standard assets	49.11	86.92
Provision for non- performing assets	119.61	(54.77)
Portfolio loans and other balances written off	631.82	1,444.68
TOTAL	800.54	1,476.83

(₹ in Lakhs)

26. Contingent liabilities (to the extent not provided for)	For the year ended on	
	Mar 31, 2019	Mar 31, 2018
(A) Guarantees		
Corporate guarantee to co-branding partner	403.88	626.65
(B) Other amounts for which the Company is contingently liable		
Income tax	58.86	27.17
Tax deducted at source	-	3.49
TOTAL	462.75	1,735.14

27. Commitments not provided for

(₹ in Lakhs)

Particulars	Mar 31, 2019	Mar 31, 2018
Commitments related to loans sanctioned but undrawn *	2,305.76	5,326.00

* The amount also includes the amount of LC limits used for such loans.

28. Earnings per Share (Basic and Diluted):

Particulars	Mar 31, 2019	Mar 31, 2018
Net Profit after tax (A) ₹ in Lakhs	2,030.30	1,676.84
Weighted average number of equity shares in calculating Basic EPS (B) - Lakhs	225.34	223.24
Add: Effect of dilution: Stock options granted under ESOP - Lakhs	0.75	0.16
Weighted average number of equity shares in calculating Diluted EPS (C) - Lakhs	226.09	223.40
Basic EPS (A/B) - ₹	9.01	7.51
Diluted EPS (A/C) - ₹	8.98	7.51

29. Segment information

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

30. Related Parties

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:

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
Electronica Tungsten Limited	
Electronica Hi-Tech Engineering Private Limited	
Shrikant R. Pophale - Executive Director	Key Management Personnel (KMP)
Shilpa S. Pophale - Managing Director	
Mugdha R. Kaskhediker - Whole Time Director	
Manisha S. Pophale	Relatives of Key Management Personnel (KMP)
Priya A. Dharmadhikari	
Sujit S. Natekar	
Harsh S. Natekar	
Adwait Dharmadhikari	
Rahul S. Kaskhediker	
Electronica Hitech Machine Tools Private Limited	Enterprises over which KMP & their relatives exercise significant influence

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Transactions with Related Party and amounts outstanding as under:

(₹ in Lakhs)

Sr. No.	Nature of transaction/ Relationship/ Name of related parties	2018-19	2017-18
A.	Directors remuneration		
	<u>Key Management Personnel</u>		
	1. Shrikant R. Pophale	42.00	42.00
	2. Shilpa Shrikant Pophale	125.94	119.93
	3. Mugdha Rahul Kaskhediker	8.87	8.62
	<u>Salary of executive officer</u>		
	1. Sanjiv Roy	-	198.47
B.	Deposit accepted		
	<u>Key Management Personnel</u>		
	1. Shrikant R. Pophale	82.50	697.72
	2. Shilpa Shrikant Pophale	242.95	167.00
	3. Mugdha Rahul Kaskhediker	-	3.00
	<u>Relative of Key Management Personnel</u>		
	1. Manisha Shrikant Pophale	30.00	1,025.25
	2. Adwait Dharmadhikari	-	18.12
	3. Priya Dharmadhikari	1.00	3.00
	4. Sujit S. Natekar	29.75	10.30
	5. Harsh S Natekar	1.65	-
	6. Rahul S. Kaskhediker	-	13.49
	<u>Holding Company</u>		
	1. Mugdha Investment & Finance Pvt. Ltd.	-	30.00
C.	Deposit repaid		
	<u>Key Management Personnel</u>		
	1. Shilpa Shrikant Pophale	147.34	139.23
	2. Shrikant R Pophale	168.61	632.40
	3. Mugdha Rahul Kaskhediker	2.65	1.67
	<u>Relative of Key Management Personnel</u>		
	4. Adwait Dharmadhikari	21.13	0.41
	5. Priya Adwait Dharmadhikari	7.72	5.56
	6. Manisha S Pophale	441.57	593.69
	7. Sujit S. Natekar	37.91	-
	8. Harsh S Natekar	0.10	-
	9. Rahul S. Kaskhediker	6.92	-
	<u>Holding Company</u>		
	10. Mugdha Investment & Finance Pvt. Ltd.	8.25	-
D.	Interest paid on deposit		
	<u>Key Management Personnel</u>		
	1. Shilpa Shrikant Pophale	14.97	5.42
	2. Shrikant Raghunath Pophale	5.41	16.91
	3. Mugdha Rahul Kaskhediker	0.05	0.37
	<u>Relative of Key Management Personnel</u>		
	4. Manisha Shrikant Pophale	36.9	58.23
	5. Adwait Dharmadhikari	0.78	0.39
	6. Priya Adwait Dharmadhikari	0.28	0.47
	7. Sujit S Natekar	0.93	-
	8. Harsh S Natekar	0.16	-
	9. Rahul S. Kaskhediker	1.25	-
	<u>Holding Company</u>		
	10. Mugdha Investment & Finance Pvt. Ltd.	2.68	0.48
E.	Rent paid		
	<u>Enterprises over which KMP & their relatives exercise significant influence</u>		
	1. Electronica Hitech Machine Tools Private Limited.	6.47	8.01
F.	Rent received		
	<u>Enterprises over which KMP & their relatives exercise significant influence</u>		
	1. Electronica Hitech Machine Tools Private Limited.	11.89	8.74
	2. Electronica Tungsten Limited	1.51	-


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

G.	Reimbursement of expenses		
	<u>Key Management Personnel</u>		
	1. Shrikant R Pophale	-	137.24
H.	Amount paid against property purchase		
	<u>Key Management Personnel & their relatives</u>		
	1. Shrikant R Pophale	-	655.50
	2. Manisha S. Pophale	-	655.50

Amount due to/ from related parties:

(₹ in Lakhs)

Sr. No.	Nature of transaction/ Relationship/ Name of related parties	2018-19	2017-18
A.	Account receivable		
	<u>Enterprises over which KMP & their relatives exercise significant influence</u>		
	1. Electronica Hitech Machine Tools Private Limited	4.80	6.77
	2. Electronica Hitech Engineering Private Limited	0.01	0.01
	3. Electronica Tungsten Limited	1.63	-
B.	Account payable		
	<u>Key Management Personnel</u>		
	1. Shilpa Shrikant Pophale	179.25	68.67
	2. Shrikant R Pophale	1.53	82.23
	3. Mugdha Rahul Kaskhediker	-	2.60
	<u>Relative of Key Management Personnel</u>		
	1. Manisha Shrikant Pophale	145.46	520.13
	2. Adwait Dharmadhikari	-	20.34
	3. Priya Adwait Dharmadhikari	-	6.45
	4. Sujit S. Natekar	3.07	10.30
	5. Rahul S. Kaskhediker	7.83	13.49
	6. Harsh S Natekar	1.71	-
	<u>Holding Company</u>		
	1. Mugdha Investment & Finance Pvt. Ltd.	24.43	30.00

31. Operating Leases

The Company has entered into commercial lease arrangements in respect of branch premises which are renewable on mutual consent at agreed terms. Certain lease agreements contain a clause for escalation of lease payments after every 12 months. The tenure of the non-cancellable operating lease agreements range from 6 months to 36 months. There are no sub-leases. Lease payments during the year are charged to the Statement of Profit and Loss.

Details of non-cancellable leases are as follows:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Operating lease payments recognized during the year	147.91	133.72
Minimum Lease Obligations		
Not later than one year	18.80	30.32
Later than one year but not later than five years	2.33	5.34
Later than five years	-	-

32. Stock Option Scheme

The Company has provided various share-based payment schemes to its Directors and Employees. During the year ended March 31, 2019, the following series were in operation:

Particulars	Plan
Date of grant	25th January, 2018
Date of Board approval	3rd January, 2018
Date of shareholder's approval	3rd January, 2018
Number of options granted	80,252
Exercise price	Rs.10/- per option
Method of settlement	Equity
Vesting period	End of year 2 – 33% End of year 3 – 33% End of year 4 – 34%
Exercise period	Up to 6 years from the date of grant
Vesting conditions	Refer note below
Name of the plan	ESOP 2017

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

During the year ended March 31, 2018, the following series were in operation:

Particulars	Plan
Date of grant	25th January, 2018
Date of Board approval	3rd January, 2018
Date of shareholder's approval	3rd January, 2018
Number of options granted	80,252
Exercise price	Rs.10/- per option
Method of settlement	Equity
Vesting period	End of year 2 – 33% End of year 3 – 33% End of year 4 – 34%
Exercise period	Up to 6 years from the date of grant
Vesting conditions	Refer note below
Name of the plan	ESOP 2017

The details of all grants in operation during financial year 2018-19 have been summarized below:

Plan	Grant Date	Ex. Price (₹)	Outstanding at the beginning of the year	Grant during the year	Cancelled during the year	Lapsed during the year	Outstanding at the end of the year	Exercisable at the end of the year	Weighted average remaining contractual life of options (in years)	Weighted average share price during the exercise period (in Rs.) ^
ESOP 2017	25-Jan-18	10	80,252	Nil	4,865	-	75,387	-	4.82	-

^ Disclosure of weighted average share price during the exercise period is applicable only for plans where there has been an exercise of options in current financial year.

The details of all grants in operation during financial year 2017-18 have been summarized below

Plan	Grant Date	Ex. Price (₹)	Outstanding at the beginning of the year	Grant during the year	Cancelled during the year	Lapsed during the year	Outstanding at the end of the year	Exercisable at the end of the year	Weighted average remaining contractual life of options (in years)	Weighted average share price during the exercise period (in Rs.) ^
ESOP 2017	25-Jan-18	10	-	80,252	-	-	80,252	-	5.82	-

Effect of the share-based payment plans on the statement of profit and loss and on the financial position:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Employees stock option expenditure	Rs. 13.13	Rs. 2.56
Subtotal	Rs. 13.13	Rs. 2.56
Total compensation cost pertaining to equity-settled employee share based payment	Rs. 13.13	Rs. 2.56

Particulars	As at March 31, 2019	As at 31-Mar-18
Stock options outstanding (gross)	36.92	39.30
Deferred compensation cost outstanding	21.23	36.74
Stock options outstanding (net)	15.69	2.56

The fair value of options used to compute pro-forma net profit and earnings per share have been estimated on the date of grant using the Black – Scholes Model. The key assumptions used in Black – Scholes Model for calculating fair value as on the date of grant are:

Particulars	1 st Vesting	2 nd Vesting	3 rd Vesting
Share price on the date of grant (Rs.)	Rs. 58.97	Rs. 58.97	Rs. 58.97
Exercise price (Rs.)	Rs. 10.00	Rs. 10.00	Rs. 10.00
Expected volatility (%)	0.001%	0.001%	0.001%
Expected dividend rate (%)	7.00%	7.00%	7.00%
Life of the options granted (years)	6 years	6 years	6 years
Time to Maturity	2 years	3 years	4 years
Risk-free interest rate (%)	6.99%	6.99%	6.99%
Fair value of the option (₹)	48.89	48.79	48.67
Stock based compensation expense determined under fair value based method (in Rs. Lakhs)	13.23		

For the year ended March 31, 2018

Particulars	1 st Vesting	2 nd Vesting	3 rd Vesting
Share price on the date of grant (Rs.)	Rs. 58.97	Rs. 58.97	Rs. 58.97
Exercise price (Rs.)	Rs. 10.00	Rs. 10.00	Rs. 10.00
Expected volatility (%)	0.001%	0.001%	0.001%
Expected dividend rate (%)	7.00%	7.00%	7.00%
Life of the options granted (years)	6 years	6 years	6 years
Time to Maturity	2 years	3 years	4 years
Risk-free interest rate (%)	6.99%	6.99%	6.99%
Fair value of the option (₹)	48.89	48.79	48.67
Stock based compensation expense determined under fair value based method (in Rs. Lakhs)	2.54		

The expected life of the stock option is based on expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility for the one year period ended on the date of grant is indicative of future trends, which also may not necessarily be the actual outcome.

Impact on fair value method on net profit and earnings per share

Had compensation cost for the stock option plans outstanding been determined based on fair value approach, the net profit and earnings per share would have been as per the pro-forma amounts indicated below:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Net profit (as reported)	2,911.07	2,730.79
Add: Stock – based employee compensation expense included in net income	13.13	2.56
Less: Stock based compensation expense determined under fair value based method (pro forma)	13.23	2.54
Net Profit (pro-forma)	2,910.97	2,730.81
Basic earnings per share (as reported) (₹)	9.01	7.51
Basic earnings per share (pro-forma) (₹)	9.01	7.51
Diluted earnings per share (as reported) (₹)	8.98	7.51
Diluted earnings per share (pro-forma) (₹)	8.98	7.51

33. Employee Benefits:

Liability for long-term employee benefits has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard 15 (Revised) as prescribed by Companies (Accounting Standards) Rules, 2006, the details of which are as hereunder:

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

(₹ in Lakhs)

Sr. No.	Particulars	31-Mar-19	31-Mar-18
A.	Amount to be recognized in the Balance Sheet		
	Present value of defined obligation	173.22	144.63
	Less : Fair Value of Plan Assets	149.85	121.87
	Amount to be recognized as Liability / (Asset)	23.37	22.76
B.	Amounts reflected in the Balance Sheet		
	Liabilities	23.37	22.76
	Assets		-
	Net Liability / (Assets)	23.37	22.76

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for the year ended March 31, 2019

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

(₹ in Lakhs)

Sr. No.	Particulars	31-Mar-19	31-Mar-18
1	Current Service Cost	26.75	20.28
2	Expected Return on Plan Assets	(8.85)	(3.25)
3	Actuarial / (Gains)	(3.79)	(42.00)
4	Past Service Cost	-	-
5	Effect of any Curtailment / Settlement	-	-
6	Actuarial Gain not recognized in the Books	-	-
7	Adjustments for Earlier Years	-	-
8	Interest Cost	9.26	8.93
9	Total included in Note No.22 "Employee Benefits Expense"	23.37	(16.05)

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

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Opening defined benefit obligation	144.62	109.64
Interest cost	9.26	8.93
Current service cost	26.75	20.28
Benefits paid	(5.71)	(12.92)
Actuarial (gains) / losses on obligation	(1.69)	18.69
Closing defined benefit obligation	173.22	144.62

(d) Changes in the fair value of plan assets are as follows:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Opening fair value of plan assets	121.87	28.94
Expected return	8.84	3.26
Contributions by employer	22.76	41.89
Benefits paid	(5.71)	(12.92)
Actuarial gains / (losses)	2.09	60.7
Closing fair value of plan assets	149.85	121.87

(e) Actuarial Assumptions:

Sr. No.	Particulars	31-Mar-19	31-Mar-18
1	Discount Rate	6.93% p.a.	7.26% p.a.
2	Salary Inflation Rate	8.90% p.a.	9.00% p.a.
3	Mortality Table	IALM 2012-14 ULTIMATE	IALM 2006-08 ULTIMATE
4	Maximum Gratuity	Uncapped	Uncapped
5	Gratuity Benefits (salary as per year of service)	15 Days	15 Days
6	Method of Valuation	Unit Projection Credit Method	Unit Projection Credit Method
7	Super Annuation Age	55 Years	55 Years
8	Attrition Rate	57%	52%

(f) The Company expects to contribute Rs. 23.37 lakhs (March 31, 2018: Rs. 22.76 lakhs) to gratuity in the next year.

(g) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31-Mar-19	31-Mar-18
Investment with insurer	100%	100%

(h) Experience Adjustments for the current and previous four years are as follows:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Defined benefit obligation	173.23	144.62	109.64	100.38	61.61
Plan assets	149.86	121.94	88.16	65.39	61.12
Surplus / (deficit)	(23.37)	(22.68)	(21.48)	(34.99)	(0.49)
Experience adjustments on plan liabilities	2.48	10.85	1.59	(2.27)	3.85
Experience adjustments on plan assets	2.09	79.98	(56.88)	(14.52)	3.39

34. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2019, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

35. Details of CSR expenses:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
a) Gross amount required to be spent by the Company during the year	48.54	42.03
b) Amount spent during the year on purposes other than construction/acquisition of any asset		
Paid	37.50	27.55
Yet to be paid	11.04	14.48

36. Litigation Matters

The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 26 for further details.

37. The Supreme Court has recently, delivered its ruling on the composition of basic wages for the purposes of deduction and contribution to the Employees Provident and Pension funds. The company, in the interest of its employees, awaits clarity on the complexities revolving around the application of the said order, the ambiguity reflected by the divergent views of legal experts and the response/direction from the authorities, including on representations made by an industry association in this regard.

38. Additional disclosures required by RBI**a. Capital to Risk Assets Ratio ('CRAR')**

Particulars	31-Mar-19	31-Mar-18
(i) CRAR (%)	18.71%	19.94%
(ii) CRAR – Tier I Capital (%)	16.88%	17.19
(iii) CRAR – Tier II Capital (%)	1.83%	2.75%
(iv) Amount of subordinated debt raised as Tier II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

b. Investments

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
1) Value of Investment		
(i) Gross value of Investments	150.68	243.15
(a) In India	150.68	243.15
(b) Outside India	-	-
(ii) Provision for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments	150.68	243.15
(a) In India	150.68	243.15
(b) Outside India	-	-
2) Movement of provisions held towards depreciation on Investments		
(i) Opening Balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write off/ write back of excess provision during the year	-	-
(iv) Closing Balance	-	-

c. Derivatives:

The Company has no transactions / exposure in derivatives in the current and previous year.

The Company has no unhedged foreign currency exposure as on March 31, 2019 (March 31, 2018: Nil).

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

d. Disclosures relating to Securitization

During the year the Company has sold loans through securitization. The information on securitization activity of the Company as an originator is as shown below:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Total number of loans securitized	283	-
Total book value of loans securitized	6,489.20	-
Total book value of loans securitised including loans placed as collateral	6,830.73	-
Sale consideration received for loans securitised	6,489.20	-
Excess interest spread recognised in the statement of profit and loss	36.87	-

Particulars	31-Mar-19	31-Mar-18
Credit enhancements provided and outstanding (Gross):	819.79	-
Interest subordination	-	-
Principal subordination	341.54	-
Cash collateral	478.25	-

Position of outstanding balances is as under:

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
1 No. of SPVs sponsored by the NBFC for securitization transaction #	4	7
2 Total amount of securitized assets as per books of the SPVs	6,867.66	3,932.40
3 Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	2,005.40	2,084.24
a) Off-balance sheet exposures	-	-
* First Loss	-	-
* Others	-	-
b) On-balance sheet exposures	2,005.40	2,084.24
* First Loss	1,791.72	1,843.13
* Others	213.68	241.11
4 Amount of exposures to securitization transaction other than MRR	565.40	330.24
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	565.40	330.24
i) Exposure to own securities	565.40	330.24
* First Loss	565.40	330.24
* Others	-	-
ii) Exposure to third party securitization	-	-
* First Loss	-	-
* Others	-	-

Only the SPVs relating to outstanding securitization transactions reported here.

e. Details of Financial Assets sold to Securitization / Reconstruction Company for Asset Reconstruction

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

f. Details of Assignment Transactions undertaken by the NBFC

(₹ in Lakhs)

Sr. No.	Particulars	31-Mar-19	31-Mar-18
(i)	No. of accounts	448	267
(ii)	Aggregate value (net of provisions) of accounts sold	7,667.66	8,187.35
(iii)	Aggregate consideration	7,667.66	8,187.35
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss over net book value	-	-


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

g. Details of non-performing financial assets purchased / sold:

The Company has not purchased / sold non-performing financial assets in the current and previous year.

h. Asset Liability Management**Maturity pattern of certain items of assets and liabilities as on March 31, 2019**

(₹ in Lakhs)

Particulars	Up to 30/31 days	Over 1 months up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Advances#	3,029.77	3,153.42	3,049.16	8,624.27	11,737.77	33,640.23	7,634.68	1,137.01	72,006.31
Investments	-	-	-	-	-	150.68	-	-	150.68
Borrowings*	1,231.96	1,018.04	2,114.82	5,085.81	6,901.27	20,560.91	12,125.24	187.5	49,225.55
Foreign currency assets-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

#net-off cash collateral and security deposit taken from borrower

*includes cash credit facilities secured against hypothecation of book debts

Maturity pattern of certain Assets and Liabilities as on March 31, 2018

(₹ in Lakhs)

Particulars	Up to 30/31 days	Over 1 months up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Advances#	2,308.25	2,515.08	2,477.46	6,864.28	10,170.07	27,411.77	5,491.43	3,211.07	60,449.41
Investments	97.52	-	-	-	-	145.64	-	-	243.16
Borrowings*	1,702.67	1,149.64	1,339.31	4,022.32	10,310.45	21,523.03	3,301.71	208.33	43,557.46
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

#net-off cash collateral and security deposit taken from borrower

*includes cash credit facilities secured against hypothecation of book debts

I. Exposures**Exposure to real estate sector, both direct & indirect**

(₹ in Lakhs)

Category		31-Mar-19	31-Mar-18
a) 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;	8,460.75	9,854.89
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	a. Residential	-	-
b) Indirect Exposure	b. Commercial Real Estate	-	-
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Exposure to Capital Market

(₹ in Lakhs)

Category	31-Mar-19	31-Mar-18
(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;	12.75	7.69
(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	12.75	7.69

j. Details of financing of parent company products:

The Company does not have any financing of Parent Company Products during the current and previous year.

k. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Company has not exceeded the prudential exposure limits during the current and previous year.

l. Unsecured Advances – Refer note 15**m. Registration obtained from other financial sector regulators:**

The Company is registered only with Reserve Bank of India.

n. Disclosure of penalties imposed by RBI and other regulators:

No Penalties were imposed by RBI and other regulators during current and previous year.

o. Ratings assigned by credit rating agencies and migration of ratings during the year:

(₹ in Lakhs)

Deposits Instrument	Name of the rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limit or conditions imposed by rating agency
Bank Lines	Acuite Ratings and Research Ltd	18-Nov	ACUITE A-/Positive, ACUITE A2+	Until maturity	37,500.00
	India Ratings & Research Pvt. Ltd.	19-Mar	IND A-/Stable		67,500.00
NCD	India Ratings & Research Pvt. Ltd.	19-Mar	IND A-/Stable	Until Maturity	3,500.00
	ICRA Limited	18-May	[ICRA]BBB+ (Positive)		5,300.00
Sub Debt NCD	ICRA Limited	18-May	[ICRA]BBB+ (Positive)	Until maturity	2,500.00

p. Provisions and Contingencies

(₹ in Lakhs)

Breakup of Provisions and Contingencies shown under the head Expenditure in Statement of Profit & Loss	31-Mar-19	31-Mar-18
Provisions for depreciation on Investment	-	-
Provision towards NPA	119.61	(54.77)
Provision made towards Income Tax	901.03	1,296.89
Provision made towards Prior Year Tax	48.04	13.44
Provision for Standard Assets	49.11	86.92
Provision for leave benefits	130.16	115.7
Provision for gratuity	23.37	22.76
Provision for Impairment loss	23.29	182.11

q. Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2019 (previous year: Nil).

r. Concentration of Deposits, Advances, Exposures and NPAs

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
Concentration of Advances		
Total advances to twenty largest borrowers	9,664.01	8,430.03
(%) of advances to twenty largest borrowers to total advances	13.42%	13.95%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	9,769.45	10,493.95
(%) of exposure to twenty largest borrowers/customers to total exposure	13.57%	14.57%
Concentration of NPAs		
Total exposure to top four NPA accounts	615.2	562.51

s. Sector-wise NPAs

Sr. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		31-Mar-19	31-Mar-18
1	Agriculture & allied activities	-	-
2	MSME	2.45%	1.80%
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	-

t. Movement of NPAs

(₹ in Lakhs)

Particulars	31-Mar-19	31-Mar-18
(i) Net NPAs to Net Advances (%)	2.00%	1.46%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	1,089.38	1,770.28
(b) Additions during the year	1,252.50	740.34
(c) Reductions during the year	(575.96)	(1,421.24)
(d) Closing balance	1,765.92	1,089.38
(iii) Movement of Net NPAs		
(a) Opening balance	881.36	1,507.50
(b) Additions during the year	1040.05	625.67
(c) Reductions during the year	(483.11)	(1,251.80)
(d) Closing balance	1,438.31	881.36
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	208.01	262.78
(b) Provisions made during the year	212.45	114.67
(c) Write-off/write-back of excess provisions	(92.85)	(169.44)
(d) Closing balance	327.61	208.01

u. Disclosure of Complaints

Particulars	31-Mar-19	31-Mar-18
(i) No. of complaints pending at the beginning of the year	0	0
(ii) No. of complaints received during the year	2	11
(iii) No. of complaints redressed during the year	2	11
(iv) No. of complaints pending at the end of the year	0	0

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

v. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2018: Nil).

w. Disclosure of restructured accounts as required by RBI NBFC Master Direction

(₹ in Lakhs)

Sr.no	Type of Restructuring		Others				
	Asset Classification		Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1, 2018	No. of borrowers	-	4	-	-	4
		Amount outstanding	-	188.03	-	-	188.03
		Provision thereon	-	18.8	-	-	18.8
2	Fresh restructuring during the year	No. of borrowers	-	6	-	-	6
		Amount outstanding	-	342.6	-	-	342.6
		Provision thereon	-	34.26	-	-	34.26
3	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and /or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-
		Amount outstanding	-	-	-	-	-
		Provision thereon	-	-	-	-	-
5	Down gradations of restructured accounts during the FY	No. of borrowers	-	2	-	-	2
		Amount outstanding	-	114.13	-	-	114.13
		Provision thereon	-	22.83	-	-	22.83
6	Write-offs/Recovery of restructured accounts during the FY	No. of borrowers	-	2	-	-	2
		Amount outstanding	-	72.41	-	-	72.41
		Provision thereon	-	7.24	-	-	7.24
7	Restructured Accounts as on March 31, 2019	No. of borrowers	-	6	-	-	6
		Amount outstanding	-	342.6	-	-	342.6
		Provision thereon	-	34.26	-	-	34.26

39. 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 S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Per Shrawan Jalan

Partner

Membership No.102102

Place: Pune

Date: May 28, 2019

For and on behalf of the Board of Directors of
Electronica Finance Limited

Mr. S.R. Pophale

Chairman

DIN 00393859

Ms. Shilpa Pophale

Managing Director

DIN 00182457

Mr. Sudeep Bhatia
Chief Financial OfficerMs. Khwahish Rawal
Company Secretary

Place: Pune

Date: May 28, 2019



ELECTRONICA FINANCE LTD.

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