efl®
...by your side

30 years of
Resilience

CREATING SUCCESS STORIES

Annual Report 2020-2021

Remembering our Inspiration

Mr. Shrikant R. Pophale

(January 22, 1942 to April 28, 2021)

There are a few great souls with an ability to see endless possibilities. And those with a capacity to execute their vision are rarer still. Such a man was Mr. S.R. Pophale, who paved the way for machine finance and EDM technology in India. His contribution to the machine tools and tungsten carbide industry is invaluable. With a tremendous passion for life, innovative ground-breaking ideas, and profound wisdom, Mr. Pophale inspired thousands with a single interaction. His eternal optimism was truly infectious.

With a unique blend of philanthropy, spirituality, and philosophy, he set an example for many entrepreneurs and proved that one can succeed without betraying one's ethics and values.

His work (and life) was driven by the joy of working, going beyond a blind pursuit of money. He will be remembered fondly by the Electronica family and everyone whose life he has touched.

We will continue to uphold the values and vision set by Mr. S.R Pophale.

Content

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CORPORATE INFORMATION

BOARD OF DIRECTORS

1.	Ms. Shilpa Pophale	Managing Director
2.	Mr. Sujit Natekar	Director
3.	Mr. Milind Limaye	Independent Director
4.	Mr. Mohan Tanksale	Independent Director
5.	Mr. Ameya Bijoor	Nominee Director

Chief Financial Officer	Mr. Jagdish Bhoir (w.e.f. 2nd September, 2021)
Company Secretary & Compliance Officer	Ms. Khwahish Rawal

STATUTORY AUDITOR

For S.R. BATLIBOI & CO. LLP., Chartered Accountants
12th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West),
Mumbai 400 028, India

OUR FINANCIERS

- State Bank of India
- Union Bank of India
- Bank of Baroda
- Punjab National Bank
- UCO Bank
- HDFC Bank
- Federal Bank
- SBM Bank (India)
- AU Small Finance Bank
- Tata Capital Financial Services
- Aditya Birla Finance
- Unifi AIF
- Indian Bank
- Bank of India
- Bank of Maharashtra
- Indian Overseas Bank
- SIDBI
- CSB Bank
- ICICI Bank
- The South Indian Bank
- Bajaj Finance
- Nabsamruddhi Finance (NABARD)
- ResponsAbility-Global Climate Partnership Fund

OFFICE ADDRESS

Electronica Finance Limited
Regd Office : 'Audumber', Plot No. 101/1, Dr. Ketkar Road, Opp. Paranjape Builder Office, Erandwane, Pune 411004, (India)
Email : secretarial@efl.co.in | **www.efl.co.in** | (**O**): +91-20-67290700
Corporate Identification Number of EFL : U74110PN1990PLC057017

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LETTER FROM THE MANAGING DIRECTOR

30 years of Resilience

Dear Shareholders,

As you are aware, the last financial year began on a sober note with the COVID pandemic impacting the entire world and disrupting life as we know it. Your company was no different and all our stakeholders faced the impact of this in one way or the other.

It was in these tough times that your company completed 30 years of its existence. In these 30 years, your company has experienced multiple challenges and turbulence. Each time, we have dug deep and emerged stronger. This was primarily because of our passion to serve the MSME, our focus in adding value to all our stakeholders and also because of one thing embedded in our DNA, **resilience**. True to our commitment of being “By your side” we remained steadfast in our commitment to all our stakeholders.

Our resilience was indicated through the following:

- 30-year-old proven business model which we strengthened further
- Strong capital structure and liquidity
- Robust asset quality
- Better operational efficiency
- Measured outlook and strong risk management
- Zero loss of jobs in the company

Our strong business continuity plans ensured that we were agile in the face of regular disruptions. We could combine technology and flexible processes to ensure that we serviced the customer, reach out to our supplier partners effectively and meet other stakeholder’s expectation satisfactorily as well.

With this as a background, your company had many accomplishments last year. Let me share some of them:

- Reduction in NNPA from 2.02% to 1.27%
- Growth in PBT and PAT by 22% and 30% respectively
- Growth in total AUM by 15%
- CRAR of 24.15%
- We created a technology & digital roadmap and initiated its execution. This involved working on a brand new technology platform consisting of a CRM software, Loan Origination System, Loan Management System, and an accounting software.
- Towards this, we also reorganized the technology team so that we deliver on our technology promise
- The Emerging Enterprise Loan business crossed 100 Cr. AUM and also expanded in 11 new locations in Rajasthan
- Our Rooftop Solar Business made a stable start and contributed 11 Cr. to the overall business
- Efficient treasury management which resulted in optimal fund raising and cost saving

We are also immensely proud to share that your company is the first NBFC to get a credit guarantee for its rooftop solar business from United States International Development Finance Corporation, a Financial Institution of the United States Government

With our continuous endeavor towards green initiatives, your company has achieved the LEED v4 BD+C NC Gold Certification from the U.S. Green Building Council and Green Business Certification Institute (USGBC- GBCI), for your company’s corporate office, “Audumbar”. This certification is a medium that showcases our high-performance project and is an indication that our investments are towards the wellbeing of our community, employees and businesses.

Your company decided to spend the CSR funds on initiatives for fighting Covid. Notably among them was providing ventilators and installing an oxygen generating unit capable of generating oxygen up to 19 cylinders per day to Bharati Hospital, Pune.

LETTER FROM THE MANAGING DIRECTOR

Your company also undertook measures for the emotional wellbeing of its employees and their family members by having counselling sessions, constant interaction with them, as well as providing facilities like wellness apps to ensure their physical wellbeing. A COVID vaccination camp for employees and their family members was also organized at the Head Office as a part of these measures.

The long shadow of the COVID pandemic is yet upon us. However, the world and India is moving on. Unlike the last year when there was complete lockdown in most parts of the country which affected overall business and the local economy, governments have been balanced this time. The learnings of the past and vaccine availability makes me optimistic about the future. With this, let me spell out your company's way forward for FY22:

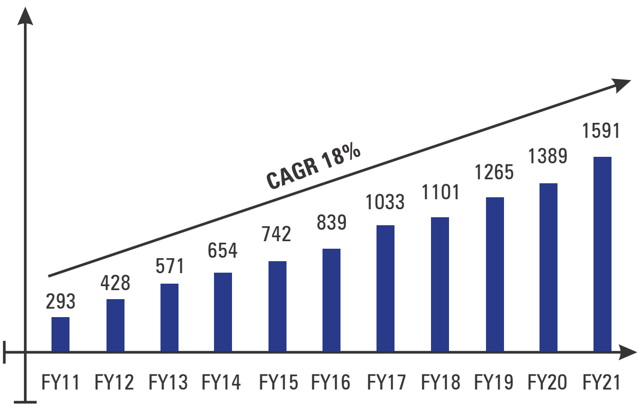
- Sharp focus on asset quality
- Launch the new Digital Platform comprising of a feature-oriented CRM module, efficient Loan Origination and Loan Management Systems
- Expansion of the EEL business into Rajasthan and Madhya Pradesh and foray into the two wheeler financing business
- Further impetus to the green lending initiatives of the company by focusing on Electric Vehicle financing for fleet operators
- Launch of Small Machine Finance Vertical to increase our focus on bottom of the pyramid industrial customers
- Launch of a Channel Partner Portal & App to seamlessly manage our channel partners and improve business
- Focus on the rooftop solar finance business

I wish to thank all our stakeholders (customers, employees, investors, banking partners, growth partners, and shareholders) for their continuous support, commitment, and engagement. With this support I am confident that your company can keep creating long term value for all its stakeholders.

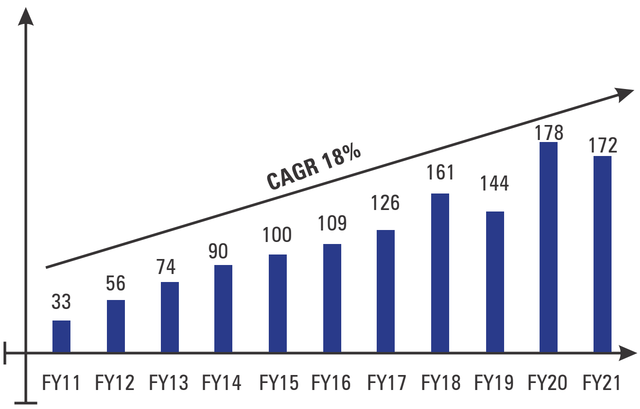
Shilpa Pophale
Managing Director

SNAPSHOT OF COMPANY PERFORMANCE

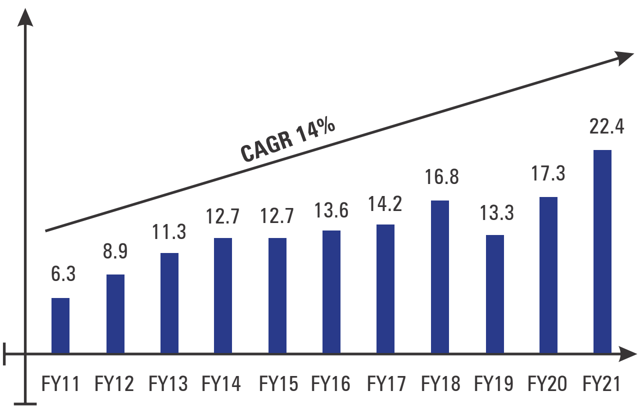
AUM
(₹ in crores)



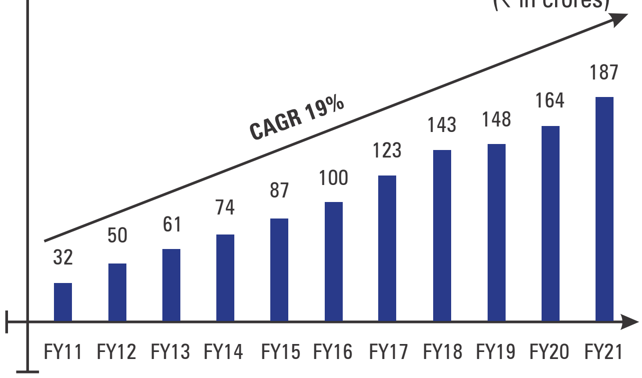
INCOME
(₹ in crores)



PAT
(₹ in crores)



NETWORTH
(₹ in crores)



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...by your side

30 years of
Resilience

AN INCREDIBLE JOURNEY BEGINS

THE BIRTH OF EFL

EFL begins its journey as Electronica Leasing & Finance Ltd.

FORAY INTO MACHINE TOOL FINANCING

Forays into financing of machines used in Machine Tool sector.

INCREASING OUR FOOTPRINT

Expands to locations in Maharashtra, North India, Karnataka and Tamil Nadu.

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TO THE MEMBERS OF
ELECTRONICA FINANCE LIMITED

The Directors have pleasure in presenting the 31st Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2021.

1. BACKGROUND

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

2. ECONOMY & INDUSTRY OVERVIEW

The country is undergoing an uneven economic revival, with some sectors performing better compared to the others. However, the economy was negatively affected by an unprecedented health crisis in 2020-21 with the highly contagious coronavirus (Covid-19), and the economy is likely to witness stress even if there is a swift recovery.

After having battled one of the biggest recessions quite recently, there was some hope for India's economy that recorded a positive—although marginal—growth in Q3 FY 2021. Recently, economic activity seemed to be gathering momentum at a sustainable pace with people demonstrating greater confidence in stepping out and spending. The government had taken several proactive, preventive and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members of the public, setting up quarantine facilities, contact tracing of persons infected by the virus, and various social distancing measures. The lockdown measures imposed to contain the spread of the Covid-19 pandemic in India, ubiquitously affected employment, business, trade, manufacturing, and services activities. The real Gross Domestic Product (GDP) growth is projected to contract by 7.7 percent in 2020-21 as compared to a growth of 4.2 percent in 2019-20. India's real gross domestic product (GDP) at current prices stood at ₹ 195.86 lakh Cr. (US$ 2.71 trillion) in FY21, as per the second advance estimate (SAE) for 2020-21. This is the first full-year contraction in the Indian economy in the last four decades since 1979-80 when GDP had shrunk by 5.2 percent. However, GDP growth is expected to rebound strongly in 2021-22 owing to the reform measures undertaken by the Government.

The Government announced a special economic and comprehensive package under Atmanirbhar Bharat of ` 20 lakh crore - equivalent to 10 percent of India's GDP – to fight the Covid-19 pandemic in India. Several structural reforms announced as part of the package, inter alia, include deregulation of the agricultural sector, change in the definition of MSMEs, new PSU policy, commercialization of coal mining, higher FDI limits in the defense and space sector, development of Industrial Land/ Land Bank and Industrial Information System, Production Linked Incentive Schemes, revamp of Viability Gap Funding scheme for social infrastructure, new power tariff policy and incentivizing States to undertake sector reforms.

India's foreign exchange reserves stood at US$ 582.04 billion as of March 12, 2021, according to data from RBI.

Non –Banking Finance Companies (NBFCs) have played a vital role in the Indian financial system by strengthening the economy over the past 3 decades. They have been able to carve out a place for themselves in meeting the credit needs of both wholesale and retail customers. NBFCs bridge the gap between formal credit channels and those who are unserved from these channels. They help to finance individuals and entities that are unbanked or unserved by the banking channels. As per RBI, the pace of bank credit in India moderated to 5 percent in the fiscal year 2020-21 from 6.8 percent in FY20 due to the adverse effect of severe economic disruptions caused by the Covid-19 pandemic. The credit growth was very slow in the first half (until September 2020) because of the nationwide lockdown and slowdown in the economy, but it gathered steam from October with the sharp economic recovery. According to CRISIL, the stressed assets of non-banking financial companies are expected to reach ₹ 1.5-1.8 lakh Cr. or 6.0-7.5% of the assets under management (AUM) by the end of the current fiscal. In the April-June quarter, disbursements and collections were severely affected by the downturn in economic activity. The Collection efficiency has improved since then, but it's still some way off pre-pandemic levels in the MSME. Unsecured and wholesale segments, given the volatility in underlying borrower cash flows as they were not getting any business and also the Reserve Bank of India (RBI) had allowed lenders to extend the moratorium on loans up to August 31. The biggest challenge this year was in the unsecured personal loans segment and unsecured loans to MSMEs, where underlying asset stress had increased significantly with early-bucket delinquencies more than doubling for many NBFCs.

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, 2021	For the year ended 31st March, 2020	Change in %
Total Revenue	17,220.98	17,791.30	(3.20%)
Total Expenses	14,224.68	15,338.70	(7.26%)
Profit before tax	**2,996.30**	**2,452.60**	**22.16%**
Total tax expenses	764.81	706.70	8.22%
Profit after tax	**2,231.49**	**1,745.90**	**27.81%**
Other comprehensive income for the year (net of tax)	12.82	(20.77)	-
Total Comprehensive Income (Net of Tax)	**2,244.31**	**1,725.13**	**30.09%**
Surplus at the beginning of the accounting period	8,417.99	7,233.19	-
Appropriations			
Transfer to Statutory Reserve	446.30	349.18	-
Dividend and related distribution tax	0.00	191.14	-
Balance carried forward	**10,216.00**	**8,417.99**	**-**

4. DIVIDEND

Board of Directors have recommended dividend of Rs.1,24,57,465/- to equity shareholders for the Financial Year 2020-21. The Board of Directors have also recommended Rs. 34,97,566/- to holders of CCPS along with 0.001% p.a. on 63,26,839 Compulsory Convertible Preference Shares (CCPS) of Rs. 20/- each for the Financial year 2020-21, subject to approval of the members at the ensuing Annual General Meeting.

In view of the amendment to the Income Tax Act, 1961 through the Finance Act, 2020, imposition of dividend distribution tax has been abolished. The dividend, if declared, at the ensuing AGM will be taxable in the hands of the members of the Company.

5. REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

Value of new loans booked: **₹ 71,350.31 lakhs.**

Assets under management (AUM): increased by **14.54%** to **₹1,59,142.67 lakhs**.

Total income: decreased by **3.20%** to **₹ 17,220.98 lakhs** mainly on account of impact of modification of cash flows due to moratorium.

Net interest income (NII): increased by **4.70%** to **₹ 8,959.09 lakhs** as a result of improvement of average cost of funds.

Total operating expenses (Opex): reduced by **5.42%** to **₹ 4,968.25 lakhs** due to various cost optimization measures undertaken due to Covid-19.

Operating Expenses to NII ratio improved to **55.45%** from **61.39%** in FY2021.

Pre-impairment operating profit: increased by **20.80%** to **₹3,990.84 lakhs**.

Impairment on financial instruments: increased by **16.89%** to **₹994.54 lakhs** due to increase in LGD on account of change in security-wise composition of stage3 portfolio.

Profit before tax (PBT): increased by **22.16 %** to **₹ 2,996.30 lakhs.**

Profit after tax (PAT): increased by **27.81 %** to **₹ 2,231.49 lakhs.**

Capital adequacy ratio as of 31 March 2021 was **24.15%** which is well above the RBI norms.

Tier I Capital adequacy ratio was **23.23%.**

Quality of the portfolio

The Pandemic followed by strict lockdown contracted the GDP by a steep 24.4% in real terms in Q1 FY2021, followed by a narrower YoY decline to 7.3% in Q2 FY2021. However, as the activities recovered in the unlock phase, the GDP rose by a marginal 0.4% in Q3 FY2021, with a relatively broad-based improvement. The second advance estimate (SAE) that was released by the National Statistical Office (NSO) in February 2021 revealed that aggregate demand, measured by real GDP, contracted by 8.0 percent in 2020-21. This is the first contraction experienced since 1980-81 and the severest ever.

Obviously, this had a direct impact on MSMEs and the NBFCs which serve them. The resultant credit crunch witnessed by the NBFCs had an adverse impact on consumption as well as the supply of credit to micro-small and medium enterprises.

The RBI and the Govt. were seized of this issue. To alleviate the economic stress induced by Pandemic the government of India announced Rs. 20.9 Lakh Crore of economic Packages (Or about 10% of GDP). Of this, 1.2% of GDP comprised direct fiscal spending & the rest consisted of (i) Loans & Guarantee Schemes of 10.4 Lakh Crore, or about 5% of GDP & (ii) the RBI's liquidity measures Rs. 8.01 Lakh crores, or about 3.8% of GDP. The Guarantee schemes & liquidity measures aided growth in Bank Credit, enabled abundant liquidity in the financial sector- which were directed towards impacted segments like industrial & service sectors.

Despite such a challenging scenario, your company was able to improve its asset quality. Your Company was able to successfully improve the Gross NPA percentage to 2.83% and Net NPA percentage to 1.27%. This was possible because of emphasis on timely communication and payment reminders to customers, close supervision and monitoring of all accounts, immediate visits to defaulting customers, revamped collections processes and focus on resolution of chronic NPA accounts with the help of legal actions. The Company has maintained ECL provision of Rs. 2501.27 lakhs (including Covid Management overlay of Rs. 185.45 lakhs) as at 31st March 2021.

The company is confident of maintaining substantially lower than industry NPA percentage and high asset quality which is a benchmark in the industry.

Moratorium and restructuring of loans

RBI issued guidelines on 27 March 2020 permitting all commercial banks, co-operative banks, All- India Financial Institutions and NBFCs to give moratorium to customers in respect of instalments falling due between 1 March 2020 to 31 May 2020. It then further extended the moratorium period by three months till 31 August 2020, through its notification dated 23 May 2020. Accordingly, the Company offered moratorium to its customers based on a Board approved policy.

RBI, through its circular dated 6 August 2020, provided a resolution framework for COVID-19 related stress and allowed a one-time restructuring of certain categories of loans from 1 September 2020 till 31 December 2020.

In line with the RBI's framework and a Board approved policy, the Company executed restructuring to the tune of Rs. 911.15 lakhs (approximately 0.5% of AUM).

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 were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year 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 as amended from time to time.

8. CAPITAL ADEQUACY

The capital adequacy of the company is 24.15% as on 31st March 2021 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.

10. RESERVE FUND

As per section 45IC of RBI Act 1934, the Company has transferred Rs. 446.30 Lakhs to Statutory Reserve Fund aggregating to 20% of yearly Net Profit.

11. CREDIT RATINGS

The Credit ratings on various debt instruments of the Company during the year under review is given below

Name of Rating Agency	Type of Rating	Credit Rating	Nature of Securities
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
Acuite` Ratings & Research	Long Term Rating	A-' with Stable Outlook	Bank Loan
	Short Term Rating	A2+'	Bank Loan
ICRA Limited	Subordinated Debt	A-' with Stable Outlook	Subordinated Debt Program

12. SUSTAINABILITY INITIATIVES

Sustainable development is a broad, dialectical concept that balances the need for economic growth with environmental protection and social equity.

For many this might be a buzzword but for EFL it has been a way of doing business since inception. In the financial year which went by following initiatives confirmed this:

- Expansion of the Emerging Enterprise Loans business – Your company successfully expanded its business operations of the emerging enterprises business which serves bottom of the pyramid businesses. This enabled it to provide credit to hitherto unserved customers in Gujarat and Rajasthan.
- Consistent work on rooftop solar finance for MSMEs – EFL is now working with around 400 solar system integrators to provide finance for clean energy solutions to MSMEs. The financing under this business enabled installation of 4.4mw of solar systems which resulted in substantial saving in CO_2 emissions as on 31st July, 2021.
- Reframing the Environmental, Social & Governance (ESG) policy for rooftop solar finance - An ESG management system was adopted for rooftop solar finance. This ensured that your company works only with those solar system integrators and finances only those businesses which adhere to basic norms resulting in a positive impact on environment and society.
- Using technology to reduce our carbon footprint – Work from home during the pandemic lockdowns, digital payments for enabling customers to pay EMIs and use of technology to cut down on paper usage helped reduce the carbon footprint of your company.
- Best in class "green building" certification for the corporate office - Your company was awarded the **LEED v4 BD+C NC Gold Certification** for our Corporate Office. This was awarded by the U.S. Green Building Council and Green Business Certification Institute (USGBC- GBCI). This certification is a testament of a high-performance project and is an indication that our investments are towards the well being of our community, employees, and businesses.

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.

As on 31 March 2021,the paid up capital of the Company stands at Rs. 3519 lakhs comprising of Equity Share capital of Rs. 2253 lakhs (2,25,34,645 equity shares of face value of Rs. 10/- each) and Preference Share Capital of Rs. 1265 lakhs (63,26,839 Preference shares of face value of Rs. 20/- each.)

Further, details of Options granted and exercised are included in Note no. 41 in the notes to accounts forming part of financial statements.

14. AUDITORS

Statutory Auditors :

The Company had appointed M/s S. R. Batliboi & Co. LLP, 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.

The audit report by M/s S. R. Batliboi & Co. LLP, Chartered Accountants, for FY 2021 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer.

In terms of the RBI Master Directions - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, the auditors have also submitted an additional report dated 7th July, 2021, for FY 2021 which has been filed with RBI. There were no comments or adverse remarks in the said report.

In view of the new guidelines for appointment of the Statutory Auditor stipulated for NBFCs by the Reserve Bank of India, the Board, on the recommendation of the Audit Committee recommended the appointment of M/s Mukund M. Chitale & Co., Chartered Accountants (Firm Registration No. 106655W) as the Statutory Auditors of the Company for a term of 3 (three) consecutive years to hold office from the conclusion of 31st Annual General Meeting ("AGM") till the conclusion of the 34th Annual General Meeting, subject to the approval of the Members at the ensuing AGM of the Company.

The statutory auditors have confirmed they are not disqualified from continuing as auditors of the Company.

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 2020-21, pursuant to Section138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014.

At the beginning of each financial year, an audit plan is rolled out after discussion with the top management. The audit plan is aimed at evaluation of the efficacy and adequacy of internal control systems and compliance thereof, robustness of internal processes, policies and accounting procedures and compliance with laws and regulations. Based on the reports of internal audit function process owners undertake corrective action in their respective areas.

Significant audit observations and corrective actions thereon are presented to the Audit Committee on quarterly basis.

Secretarial Auditor :

Your Company, during the year under review, appointed M/s Mehta & Mehta, Company Secretaries, Pune as the Secretarial Auditor of the Company for the Financial Year 2020-21, 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 in **Annexure A**.It does not contain any qualification, reservation or adverse remark or disclaimer.

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/arrangement/transactions entered by the Company during FY2021 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transaction entered into is also reviewed by the Audit Committee on a quarterly basis.

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 Ind AS-24 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 issued by The Institute of Company Secretaries of India.

MEETINGS OF THE BOARD

Five (5) meetings of the Board were held during FY2021. Details of the meetings and attendance thereat forms part of the 'Corporate Governance Report'.

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) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; 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

During the year under review, no company became/ ceased to be a Subsidiary / Associate / Joint Venture of the Company. Also, the Company did not become a part of any Joint Venture during the year. Accordingly, as at the end of the year under review and also as on the date of this Report, your Company does not have any Subsidiary and/or Associate Company and your Company is also not a part of any Joint Venture.

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 every director's performance and reviewed the self-evaluation submitted by the respective directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/ Committee processes. The Board considered and discussed the inputs received from the Directors.

Further, the Independent Directors met separately, without the attendance of Non-Independent Directors and the members of the management and inter alia reviewed the performance of Non-Independent Directors, Board as a whole; and performance of the Chairman. They further assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board. Overall, the Independent Directors expressed their satisfaction on the performance and effectiveness of the Board, all the Committees and Individual Non-Independent Board Members.

There have been no material observations or suggestions, consequent to such evaluation and review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

a) Change in composition of Board of Directors :

Mr. Sujit Natekar who retires by rotation at the ensuing Annual General Meeting being eligible, offers himself for re-appointment.

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. Mohan Tanksale (DIN: 02971181) as Additional Director(Non-Executive) of the Company in the capacity of 'Independent Director". The said appointment was duly approved by the Board and shareholders in the Annual General Meeting held on 30th September, 2020 for a term of 5 consecutive years.

Mr. Ameya Gurunath Bijoor (DIN: 08905242) was appointed as 'Additional Director' in the category of 'Non-executive Nominee Director' i.e. Nominee of ESF Holdings with effect from 11th November, 2020. Approval of Members is being sought at the forthcoming Annual General Meeting ('AGM') of your Company for regularisation of appointment of Mr. Ameya Gurunath Bijoor as Non-Executive Nominee Director.

Mr. T. V. Rao (DIN: 05273533) has ceased to be the Independent Director of the Company on completion of his term of 5 years on 26th August 2020 as per provisions of Section 149 of the Companies Act, 2013 and the Rules laid therein.

Mr. Venkatesh Srinivasan (DIN: 02110770) has ceased to be the Independent Director of the Company on completion of his term of 5 years on 26th August 2020 as per provisions of Section 149 of the Companies Act, 2013 and the Rules laid therein.

The Board places on record its deep appreciation and gratitude for the valuable support and guidance provided by Mr. T. V. Rao(DIN: 05273533) and Mr. Venkatesh Srinivasan (DIN: 02110770)to the Company and the Board as a whole during their entire term as an Independent Director of the Company.

During the year none of the Directors of the Company has resigned from the Board of the Company.

b) Change in Key Managerial Personnel:

Mr. Mayank Thatte has resigned as Chief Financial Officer & Key Managerial Personnel of the Company w.e.f. 15th May, 2021.

During the year under review, Mr. Jagdish Bhoir was appointed as Chief Financial Officer & Key Managerial Personnel of the Company w.e.f. 2nd September, 2021.

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

As per the provisions of Section 177(9) of the Act the Company is required to establish an effective Vigil Mechanism for Directors and employees to report genuine concerns. The Company as part of the 'vigil mechanism' has in place a Board approved 'Whistle Blower Policy' to deal with instances of fraud and mismanagement, if any. The Whistle Blower Policy has been placed on the website of the Company.

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and also provides direct access to the Chairman of the Audit Committee in exceptional circumstances. During the year under review no such complaints have been received by the Company. 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, 2021, 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, 2021, 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:

Opportunities & Threats:

NBFC sector rebounded in H1:2020-21 during the ongoing COVID-19 pandemic. NBFC's play an essential role in facilitating credit intermediation as an alternative to bank financing, in addition to niche financing and last mile outreach. NBFC's in India grew at a slower pace in Q2 & Q3 of FY 2020-21 due to COVID-19 led disruptions and muted demand with continuity to disburse credit. Thus, NBFC's were resilient throughout the Pandemic and were able to cushion this impact by adopting technology, policy support and reasonably strong fundamentals.

The balance sheet of NBFC's though registered a slower but double digit growth in Q2 & Q3 of FY21 at 13% and 11.6% respectively. However, the credit growth stood at 4.8% & 2.5% respectively. Basis the long-term and short term borrowings, RBI had stated that 70% of the NBFC Borrowings will be payable after 12 months and the stability in this indicated the growing market discipline. In the said year, the challenges for NBFC's had moved from liquidity to maintaining asset quality with the outbreak and its impact on customer repayment capabilities. During the year, the Industrial sector remained the largest recipient of credit from NBFC's followed by retail and service sectors.

The Q2 of FY 2020-21 saw marginal improvement in the RoA & RoE as compared to the deterioration in Q1 of FY 2020-21 due to nation-wide lockdowns and Regulatory package announced by the regulator on repayments between March1, 2020 to August 31, 2020. Asset Quality therefore witnessed improvement in Q3 of FY 2020-21 post partial lockdowns being lifted. However, the true extent of NPA's can be gauged in coming Quarters as the interim order on Asset Classification issued by the Supreme Court had been lifted in March'21.

In line with the RBI COVID Regulatory Package, the Company offered a moratorium to its customers on loan instalments based on a Board approved policy. In respect of such borrowers to whom the benefit of asset classification was extended consequent to the moratorium, the Company has made provisions on conservative basis for expected credit loss. Our Company being mostly catering to Organised /Industrial customers have seen the customer payments regularizing quite quickly.

Over the years, lenders have leveraged data analytics, and data science to offer superior customer experience through new-age underwriting models, seamless partner integration and real-time loan decisions. This offers a good opportunity to NBFCs to diversify their assets by remotely offering products which otherwise require expensive physical distribution. Your Company created a technology and digital roadmap and initiated the execution in full swing. This involved working on a brand new technology platform consisting of a CRM Software, Loan Origination system, Loan Management System and an Accounting software. The launch of this Digital Platform is scheduled in Q2 of FY 2021-22.

Your company has also decided to extend the Emergency Credit Line Guarantee Scheme (ECLGS) during the next financial year to continuously support your customers and ensure reduced burden in repaying the loans despite the outbreak. The performance of your company portfolio has been robust throughout the year with strong capital structure and liquidity and will continue to be so irrespective of the ongoing challenges.

RISK MANAGEMENT:

Risk Management at your Company includes risk identification, risk assessment, risk measurement and risk mitigation with its main objective to minimise negative impact on profitability and capital. Your Company is exposed to various risks that are an inherent part of any financial service business. Your Company is committed towards creating an environment of increased risk awareness at all levels. It aims to constantly upgrade the security measures, including cyber security measures, to ensure avoidance and mitigation of various risks. Your Company has policies and procedures in place to measure, assess, monitor, and manage these risks systematically across all its portfolios.

Credit Risk including Credit Concentration Risk:

Your Company is exposed to various kinds of risks including operational, liquidity, market, however credit risk is the single largest risk for your Company's business. Your Company, therefore, carefully and efficiently manages its exposure to credit risk. There is a centralised risk management function which oversees the risk management framework. An overview of credit risk of portfolio is presented to the RMC periodically. Your Company has a wide-ranging underwriting framework in place. This framework helps guide individual businesses to optimum credit decisions. Further, it is also supported by well-defined risk limits across various parameters including products, sectors, geographies and counterparties. Your Company also has an effective review mechanism in place. It uses state-of-the-art early warning signals to quickly recognise potentially weak credit while stressing on maintaining 'Zero DPD'. Days Past Due (DPD) indicates the number of days that a loan repayment has not been made past the due date. Your Company has been able to ensure stable asset quality amid volatile times and difficult lending environment, because of stringent adherence to the aforementioned prudent risk norms and diligently following the institutionalised processes.

Your Company's provisioning policy is cautious, conservative and prudent in nature. As per the RBI notification on acceptance of IND AS for regulatory reporting, it computes provision as per IND AS 109 and as per extant prudential norms on Income

Recognition, Asset Classification and Provisioning (IRACP). If the impairment allowance in aggregate, under Ind AS 109, is lower than the provisioning required under IRACP (including standard asset provisioning), the difference is appropriated from net profit or loss after tax to a separate 'Impairment Reserve'. Your Company undertook incremental provisions to strengthen the balance sheet against the after-effect of the pandemic.

Interest Rate Risk: Interest Rate Risk ('IRR') is the exposure of a company's financial condition to adverse movements in interest rates. Changes in interest rates affect a company's earnings by changing its Net Interest Income (NII). Asset Liability Committee (ALCO) is a decision making management committee responsible for balance sheet planning in your company from risk return perspective including strategic management of interest rate and liquidity risks. Advances Book and Funding strategy are tailored in such a way that repricing of borrowings can be offset by repricing the loans. Earnings Impact using traditional Gap Analysis measures the level of your Company's exposure to interest rate risk in terms of sensitivity of its NII to interest rate movements over the horizon of analysis.

Business/Strategic Risk: Business/Strategic risks are risks that affect or are created by an organisation's business strategy and strategic objectives. Your Company's management of this risk is guided by diversification in its business through various product, customer segments and geographies, balanced growth while maintaining asset liability balance, prudent provisioning by providing for bad assets. It is also working on changes in Strategies to address changed business environment on an on-going basis.

Liquidity Risk: Liquidity Risk is the risk that a Company may not be able to meet its short term financial obligations due to an asset–liability mismatch or interest rate fluctuations. The Board of Directors have delegated the responsibility for ongoing balance sheet Liquidity Risk management to the Asset Liability Committee. The Committee reviews the NIM-Net Interest Margins, maturity profile and mix of your company's assets and liabilities. It articulates the interest rate view and decides on future business strategy with respect to interest rates. The Company has adopted liquidity risk framework as required under RBI regulation.

Compliance Risk: Compliance risk is exposure to legal penalties, financial forfeiture and material loss an organisation faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices. Your Company has a Compliance Policy to ensure highest standards of compliance. The Compliance team works with business and operations to ensure active compliance risk management and monitoring. Apart from the compliance team, Concurrent & Statutory Auditors also helps in identifying &mitigating the risk. The focus is on identifying and reducing risk by rigorous testing and also putting in place robust internal policies. Products and processes are reviewed for adherence to regulatory norms prior to rollout. Internal policies are reviewed and updated periodically as per agreed frequency or based on market action or regulatory guidelines / action.

Technology Risk : Technology is rapidly changing the way financial services entities operate and is a key disruptor for the industry. The focus of your company continues to be on digital and is aimed at leveraging digital technology to provide a best in class experience for its customers while simultaneously enhancing productivity and risk management. A layered technology architecture is implemented to manage risks due to system failures, cyber-attacks etc. Effective access control mechanism is a key technology control to prevent unauthorised access. The access to business applications is provisioned by an independent team and is provided based on the roles and responsibilities of the user. Technology and Operational controls are implemented to manage privileged access to systems. Cyber threats and the associated risks in the external environment have increased and your company works continuously to improve processes and controls to mitigate these risks. Cyber resilience framework is being established to mitigate the threats such as data breaches, malware, Denial-of-service attacks etc.

FRAUD MONITORING AND CONTROL :

The Company has put in place a whistle blower policy, and a central vigilance team oversees implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence. Fraud prevention committees at the senior management and board level also deliberate on material fraud events and initiate preventive action. Periodic reports are submitted to the Board and senior management committees.

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 2020-21.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

During the year the company did not have any amount qualifying for transfer to Investor Education and Protection Fund.

PUBLIC DEPOSITS

Your Company is a non-deposit taking Company. The Company has not accepted any deposits during the year under review.

RBI guidelines:

Reserve Bank of India (RBI) granted the Certificate of Registration to the Company in vide Registration No. B-13.01093, to commence the business of a non-banking financial institution without accepting deposits. Your Company is a Non Deposit Taking Systemically Important Non-Banking Financial Company (NBFCND-SI). The Company has complied with and continues to comply with all the applicable regulations and directions of the RBI.

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.

HUMAN RESOURCES :

Your Company has a work environment that inspires people to do their best and encourages an ecosystem of teamwork, continuous learning and work-life balance. In an increasingly competitive market for talent.

Your Company continues to focus on attracting and retaining the right talent. With increasing emphasis on digital transformation, your company's effort and strategy has been to foster a dynamic yet structured approach to human resource management. We are committed to enhancing the employee experience through paperless on-boarding, online app-based training systems and effective communication through various means including social media and a digital newsletter.

Simplicity, Self-Drive and Passion for Excellence are some of the core values reflected in our brand, through our people. Talent Management and Development are the core pillars of our HR policy and the Company continuously strives to build capability and character of its people through focused programs. During the lock down period Company took various initiatives in order to increase physical & mental health awareness amongst the employees through various online sessions & webinars with fitness couches, motivational speakers etc.

As on March 31, 2021, your Company had 585 employees as compared to 543 as on March 31, 2020.

CAUTIONARY NOTE :

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government policies and other incidental/related factors.

DIRECTOR'S REPORT

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

SHILPA POPHALE	SUJIT NATEKAR
MANAGING DIRECTOR	DIRECTOR
DIN:00182457	DIN:00182517

Date: 2[nd] September, 2021
Place: Pune

ANNEXURE A

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

{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
101/1, Erandwane, Audumbar,
Dr Ketkar Road, Pune - 411004,

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 conducts / statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes 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 our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021,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 the Company for the financial period ended on March 31, 2021, 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 (during the period under review not applicable to the Company);

(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 there under 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'):-

  (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, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the Company);

  (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 (during the period under review not applicable to the Company);

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company) and

  (h) The Securities and Exchange Board of India (Buyback of Securities)Regulations, 2018 (during the period under review not applicable to the Company);

  (h) The Securities and Exchange Board of India (Buyback of Securities)Regulations, 2018 (during the period under review not applicable to the Company);

(vi) Reserve Bank of India, 1934;

(vii) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;

(viii) Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

(ix) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;

(x) Master Direction - Monitoring of Frauds in NBFCS (Reserve Bank) Directions, 2016;

(xi) Non-Banking Financial – Corporate Governance (Reserve Bank) directions;

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) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines, etc. mentioned above **except for the below mentioned observation:**

a. The Company had convened the meetings of the IT Strategy Committee as required under the Master Direction – Information Technology Framework for NBFC Sector. However, the gap between the meetings of IT Strategy Committee is more than six months and as informed by the management, meetings could not be held in the prescribed time due to non-availability of the members of the committee in the lockdown under Covid-19.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the 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' view, 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 the Company had the following specific events /actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

a. The Board of Directors and the Company has approved for issuance of Non-Convertible Debentures(NCDs) as mentioned below in one or more tranches on a private placement basis:

Sr. No	Date	Type of Meeting	Amount(Rs.)
1	June 26, 2020	Board Meeting	250 crores
2	September 30, 2020	Annual General Meeting	250 crores

b. The Board of Directors and the Company has approved and declared dividend in the Board Meeting and Annual General Meeting held on June 26, 2020 and September 30, 2020 respectively on Compulsorily Convertible Preference Shares (CCPs) at the rate 0.001% per share.

c. The Board of Directors and Securities Operations Committee have allotted following securities during the Financial Year 2020-21:

Sr. No	Date of Allotment	Type of Meeting	Type of Securities	Amount(Rs.)
1	July 21, 2020	Board Meeting	Non - Convertible Debentures	35 crores
2	August 28, 2020	Securities Operations Committee Meeting	Non - Convertible Debentures	30 crores

Note: Due to lockdown under COVID-19, Certification on this Form MR-3 is done on the basis of documents made available to us in electronic form (i.e. Scanned copies over share drive) by the Secretarial Team of the Company and such documents will be verified physically after the lockdown is lifted.

For Mehta & Mehta,
Company Secretaries
(ICSI Unique Code P1996MH007500)

Ashwini Inamdar
Partner

PCS No : 9409
CP No : 11226

Date : 2nd September, 2021
Place : Mumbai
UDIN : F009409C000877386

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

ANNEXURE A

To,

The Members,

Electronica Finance Limited

101/1, Erandwane, Audumbar,

Dr Ketkar Road, Pune – 411004

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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2) We have followed the audit practices and processes 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. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5) The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6) As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in points vi to xi of our Secretarial Audit Report in Form No. MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7) The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Mehta &Mehta,

Company Secretaries

(ICSI Unique Code P1996MH007500)

Ashwini Inamdar

Partner

PCS No : 9409

CP No : 11226

Date : 2nd September, 2021

Place : Mumbai

UDIN : F009409C000877386

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

Conservation of Energy : Following steps were taken to ensure the conservation :

The operations of this Company are primarily financial services, therefore these require normal consumption of electricity. However, the company is taking all necessary steps to reduce its consumption of electricity.

- Usage of Solar power & LED Lights compared to conventional CFL Bulbs has effectively lowered our electricity consumption.
- Air conditioner's temperature across offices are maintained at 24-25 degrees Celsius to the best possible extent which results in energy savings.
- Our Newly Built Head Office is Certified as 'Green Building' and it was designed keeping in mind an energy-efficient workplace. The premise is also surrounded by tall trees that provide ample opportunities for free cooling and also assist in defining the glazing percentage for daylighting, daylight diffusion and uniformity in daylighting.

This resulted in

- Reduced air temperatures through a reduction in incident Solar radiation and heat gains
- Harvest available airflow to reduce the relative humidity through Cross ventilation & induced ventilation
- Shade windows that block maximum heat and retain cooling in the building for a longer period of time.
- Daylight and quality views addressed with façade design
- Overall the structure and design has contributed to 27% Portable water savings, 33% Energy Savings & 16% Clean Energy Offset
- We also have a Solar PV Rooftop Plant at the entire roof area to offset our energy consumption to the best possible extent.

Through Machine Financing we focused on financing energy efficient machines such as the CNC & plastic injection moulding machines. These machines are fitted with a servo motor that uses a power regeneration system and returns energy to the power supply when the motor decelerates. This effective use of power supply leads to energy savings of around 25-30%.

Overall it has helped us to reduce our costs and increased our contribution towards a better environment.

Technology absorption:

Being a Core Financial Company and not involved in any Industrial/Manufacturing activities, therefore we do not have any particulars to report under Technology Absorption.

Foreign Exchange Earnings & Outgo

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

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date : 2nd September, 2021
Place : Pune

ANNEXURE C

1. A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

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 FY have been spent towards making the education accessible to underprivileged individuals.

Under this mission EFL undertakes its flagship project known as **UDAAN**.

- Under project **'UDAAN'**, we have selected 110 girls from under privileged backgrounds from Pune & Kolhapur region
- During the year FY 20-21 we focused on supporting the pandemic relief initiatives.
- Through various NGO's we tried to help individuals who suffered during this pandemic, specially individuals who were working on daily wages, as their livelihood undergone a complete change.

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.

2. Provide the web-link where composition of CSR committee, CSR policy and CSR projects approved by the board are disclosed on the website of the company.

The composition of the Corporate Social Responsibility Committee and the attendance of its Members at its Meetings held during FY 2020-21 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. T. V. Rao*	Independent Director	-	-
Mr. Sujit Natekar	Director	2	1
Mr. Milind Limaye	Independent Director	2	1
Mr. Ameya Bijoor #	Nominee Director	1	1
Mr. Mohan Tanksale ^	Independent Director	2	2

* Term completed w.e.f. 26th August, 2020

appointment w.e.f. 11th November, 2020

^ appointment w.e.f. 24th August, 2020

3. Website : https://www.efl.co.in/csr/

4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). - Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any -

Sr. No.	Financial Year	Amount available for set-off from preceding Financial Years*	Amount required to be set-off for the financial year, if any
1	2020-2021	0.29	-
2	2019-2020	1.08	-
3	2018-2019	-11.04	-
4	2017-2018	-14.48	-

* Your company is committed towards CSR spendings. The total unspend amount of Rs. 25.52 lakhs for the financial years 2017-18 and 2018-19 after adjusting excess amount spend of Rs. 1.37 lakhs during financial year 2019-20 and 2020-21 is spent by the company in the month of April 2021.

6. Average Net Profit of the Company as per Section 135(5). : Rs.2,510.05 lakhs
7. (a) Two Percent of Average Net Profit of the Company as per Section 135(5). : Rs. 50.20 lakhs
   (b) Surplus Arising out of the CSR Projects or Programmes or Activities of the Previous Financial Years.: NA
   (c) Amount required to be Set Off for the Financial Year, If Any. : NA
   (d) Total CSR Obligation for the Financial Year (7a + 7b - 7c) : Rs. 50.20 lakhs

8. **(a) CSR amount spent or unspent for the Financial Year:**

Total Amount Spent for the Financial Year (in lakh)	Amount Unspent (in lakh)			
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)	
	Amount	Date of transfer	Name of the Fund	Amount Date of transfer
50.49	Not applicable, since there is no unspent amount			

(b) Details of CSR amount spent against ongoing projects for the Financial Year: Not Applicable

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in lakh)	Amount spent in the current financial Year (In lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lakh)	Mode of Implementation Direct (Yes/ No) Agency	Mode of Implementation through Implementing Agency	
				State	District						Name	CSR Registration No.

ANNEXURE C

(c) Details of CSR amount spent against other than ongoing projects for the Financial Year:

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project duration	Amount allocated for the project (in lakh)	Amount spent in the current financial Year (In lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lakh)	Mode of Implementation Direct (Yes/ No) Agency	Mode of Implementation through Implementing Agency	
				State	District						Name	CSR Registration No.
1	Project "COViD 19 Relief"	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	15.00	15.00	-	Agency	Mahratta Chamber of Commerce Industries & Agriculture	CSR 00005065
2	Project "COViD 19 Relief"	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	3.00	3.00	-	Agency	ISKCON	
3	Project "COViD 19 Relief"	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	3.00	3.00	-	Agency	Jankalyan Samiti	CSR 00000424
4	Project "COViD 19 Relief"	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	2.00	2.00	-	Agency	Nirmalya Trust	CSR 00004693
5	Project "COViD 19 Relief"	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	1.00	1.00	-	Agency	Vanvasi Kalyan Ahram	CSR 00006104
6	Project "COViD 19 Relief"	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	1.00	1.00	-	Agency	Seva Sahayog Foundation	CSR 00000756
7	"Project - UDAAN"	Promoting Skill Education	Yes	Gujarat	-	12 Month	19.98	19.98	-	Agency	Team lease Skills University	
8	"Project - UDAAN"	Promoting Skill Education	Yes	Maharashtra	Pune Kolhapur	12 Month	1.67	1.67	-	Direct	Electronica Finance Ltd.	
9	"Project - UDAAN" Enable education to tribal children	Promoting Skill Education	Yes	Maharashtra	Rural Parts	12 Month	1.75	1.75	-	Agency	Mensa Triable	
10	"Project - UDAAN" School Construction	Promoting Skill Education	Yes	Maharashtra	Rural Parts	12 Month	1.50	1.50	-	Agency	Nisarg Vedha	
11	"Project – UDAAN" Support for online education infrastructure	Promoting Skill Education	Yes	Maharashtra	Rural Parts	12 Month	0.09	0.09	-	Direct	Electronica Finance Ltd.	
						Total	**49.99**	**49.99**				

(d) Amount Spent in Administrative Overheads: Rs. 50,000/-

(e) Amount spent on impact assessment, if applicable: Not applicable

(f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 50.49 lacs

(g) Excess Amount for Set Off, If Any:

Sr. No.	Particulars	Amount (in lakh)
1	Two percent of average net profit of the Company as per Section 135(5)	50.20
2	Total amount spent for the Financial Year	50.49
3	Excess amount spent for the financial year	0.29
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
5	Amount available for set of in succeeding financial year	0.29

9. (a) DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in lakh)	Amount spent in the reporting Financial Year (in lakh)*	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in lakh)
				Name of the Fund	Amount (in lakh)	Date of transfer	
-	-	-	-	-			-

* Your company is committed towards CSR spendings. The total unspend amount of Rs. 25.52 lakhs for the financial years 2017-18 and 2018-19 after adjusting excess amount spend of Rs. 1.37 lakhs during financial year 2019-20 and 2020-21 is spent by the company in the month of April 2021.

b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s) : Not applicable

Sr. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the Project (in lakh)	Amount spent on the project in the reporting Financial Year (in lakh)	Cumulative amount spent at the end of reporting Financial Year (in lakh)	Status of the Project Completed/ Ongoing
-	-	-	-	-	-	-	-	-

10. In Case of Creation or Acquisition Of Capital Asset, Furnish the Details Relating to the Asset so Created or Acquired through CSR Spent In The Financial Year (Asset-Wise Details): Not applicable

(a) Date of Creation or Acquisition of the Capital Asset(S): Not applicable

(b) Amount of CSR spent for Creation or Acquisition pf Capital Asset: Not applicable

(c) Details of the Entity or Public Authority or Beneficiary under whose name such Capital Asset is Registered, their Address Etc.: Not applicable

(d) Provide Details of the Capital Asset(S) Created or Acquired (Including Complete Address and Location of the Capital Asset): Not applicable

11. Specify the Reason(s), if the Company has failed to spend Two Percent of the Average Net Profit as per Section 135(5). Not Applicable

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

ELECTRONICA FINANCE LIMITED

SHILPA POPHALE

MANAGING DIRECTOR

DIN: 00182457

Date : 2nd September, 2021

Place : Pune

ANNEXURE D

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	-	Interest calculated at 8.15% p.a. on the Inter corporate deposits accepted	Not Applicable	-
Electronica Tungsten Ltd. (Directorship of spouse of MD)	Rent received	1 Year	-	Rent as per the area of the premises shared.	Not Applicable	-
Electronica Hi Tech Machine Tools Pvt. Ltd. (Directorship of spouse of MD)	Rent received	1 Year	-	Rent as per the area of the premises shared.	Not Applicable	-
Electronica Hi Tech Machine Tools Pvt. Ltd. (Directorship of spouse of MD)	Rent paid	1 Year	-	Rent as per the area of the premises shared.	Not Applicable	-
Electronica Hi Tech Engineering Pvt. Ltd. (Directorship of sister of MD)	Working Capital Loan ICD	6 months	63.00 50.00	Interest charged @ 15% p.a.	Not Applicable	60.56 50.59
Mr. Shrikant Raghunath Pophale	Place of Profit	12 months	48.00	Payment of Advisory Fees	19th November, 2019	-

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date : 2nd September, 2021
Place : Pune

30 years of Resilience

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.

ANNEXURE E

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.

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date : 2nd September, 2021
Place : Pune

ANNEXURE F

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 2020-21 is as under:

Median Salary for FY 2020-21 **Rs. 3.70 Lakhs**

Sr. No.	Name of the Director	Remuneration FY 20-21 (Rs. In lakhs)	Ratio Times
1	Ms. Shilpa Pophale	114.41	30.92

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

Sr. No	Name of the Director / KMP%	increase/(decreased) in remuneration*
1	Ms. Shilpa Pophale	(21.21%)
2	Mr. Mayank Thatte	(15%)
3	Ms. Khwahish Rawal	(15%)

*** Annualized decrease in remuneration**

(iii) The percentage increase/ (decreased) in the median remuneration of employees in the financial year;
% increase/ (decreased) in the Median remuneration of the employees in the FY. (11%)

(iv) The number of permanent employees on the rolls of Company No. of Permanent Employees as on 31st March, 2021 - 585

(v) Average percentile increase/(decrease) already made in the salaries of employees other than the managerial personnel in the last Financial year and its comparison with the percentile increase/(decrease) in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase/(decrease) in the managerial remuneration; Average increase in Salary of other than KMP employees was (11.84%)

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

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date : 2nd September, 2021
Place : Pune

ANNEXURE G

Form No. MGT-9
Extract of Annual Return
As on the financial year ended on 31st March, 2021
{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	U74110PN1990PLC057017
ii)	Registration date	26th June, 1990
iii)	Name of the Company	Electronica Finance Limited
iv)	Category/Sub category of	Non - Banking Financial Company the Company(NBFC-ND-SI)
v)	Address of the Registered office and contact details	101/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune -411004
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 - 400083 Contact Details : 022 49186000
viii)	Name, Address and Contact	Catalyst Trusteeship Limited details of Debenture TrusteeWindsor, 6th Floor, Office No - 604, C.S.T. Road, Kalina, Santacruz (East), Mumbai - 400 098 Contact Details : 022- 4922 0555

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company
1	Asset Financing Activity	64920	89.74%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. 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 1/04/2020				Number of shares held as at 31/03/2021				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	%of total shares	
(A)	**Promoters**									
(1)	**Indian**									
a)	Individual / HUF	17,99,987	-	17,99,987	7.98	18,04,987	-	18,04,987	8.01	0.02
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)(I)	**2,19,64,232**	**-**	**2,19,64,232**	**97.46**	**2,19,69,232**	**-**	**2,19,69,232**	**97.49**	**0.02**
(2)	**Foreign**									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(II)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoters (A)=(A)(I)+(A)(II)	**2,19,64,232**	**-**	**2,19,64,232**	**97.46**	**2,19,69,232**	**-**	**2,19,69,232**	**97.49**	**0.02**
(B)	**Public shareholding**									
(1)	Institutions									
a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b)	Banks / Financial Institutions -	-	-	-	-	-	-	-	-	
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(I)	-	-	-	-	-	-	-	-	-
(2)	Non – Institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	3,54,233	-	3,54,233	1.57	3,54,233	-	3,54,233	1.57	-
(b)	Individuals									
I	Individual shareholders holding nominal share capital upto Rs 1 lakh	1,000	2,02,680	2,03,680	0.90	1,100	197,580	1,98,680	0.88	-0.02
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	-

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2020				Number of shares held as at 31/03/2021				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	%of total shares	
(c)	Others									
	i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
	ii) Clearing Members	-	-	-	-	-	-	-	-	-
	iii) Directors and their relatives	-	-	-	-	-	-	-	-	-
	iv) Hindu Undivided Families	-	-	-	-	-	-	-	-	-
	v) Trusts	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(II)	3,55,233	2,15,180	5,70,413	2.53	3,55,333	2,10,080	5,65,413	2.51	-0.02
	Total Public Shareholding (B)=(B)(I)+(B)(II)	3,55,233	2,15,180	5,70,413	2.53	3,55,333	2,10,080	5,65,413	2.51	-0.02
(C)	Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	2,23,19,465	2,15,180	2,25,34,645	100.00	2,23,24,565	2,10,080	2,25,34,645	100.00	-

IV. SHAREHOLDING PATTERN (Preference Share Capital Breakup)

ii) Category-wise Shareholding

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2020				Number of shares held as at 31/03/2021				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	%of total shares	
(A)	**Promoters**									
(1)	**Indian**									
a)	Individual / HUF	-	-	-	-	-	-	-	-	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(I)	-	-	-	-	-	-	-	-	-
(2)	**Foreign**									
a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b)	Other - Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(II)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoters (A)=(A)(I)+(A)(II)	-	-	-	-	-	-	-	-	-
(B)	**Public shareholding**									
(1)	Institutions									
a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b)	Banks / Financial Institutions -	-	-	-	-	-	-	-	-	
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(I)	-	-	-	-	-	-	-	-	-
(2)	**Non – Institutions**									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	63,26,839	-	63,26,839	100	63,26,839	-	63,26,839	100	-
(b)	Individuals	-	-	-	-	-	-	-	-	-
I	Individual shareholders holding nominal share capital upto Rs 1 lakh	-	-	-	-	-	-	-	-	-
ii	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-

ANNEXURE G

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2020				Number of shares held as at 31/03/2021				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	%of total shares	
(c)	Others									
	i) Non-Resident Indians	-	-	-	-	-	-	-	-	-
	ii) Clearing Members	-	-	-	-	-	-	-	-	-
	iii) Directors and their relatives	-	-	-	-	-	-	-	-	-
	iv) Hindu Undivided Families	-	-	-	-	-	-	-	-	-
	v) Trusts	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(II)	63,26,839	-	63,26,839	100	63,26,839	-	63,26,839	100	-
	Total Public Shareholding (B)=(B)(I)+(B)(II)	63,26,839	-	63,26,839	100	63,26,839	-	63,26,839	100	-
(C)	Shares held by Custodians for GDRs and ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	63,26,839	-	63,26,839	100	63,26,839	-	63,26,839	100	-

iii) Shareholding of Promoters :

(Rs. In Lakhs.)

Sr. No.	Shareholders Name	Shareholders as at 31/03/2020		Shareholders as at 31/03/2021	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
I	Mr. Shrikant Raghunath Pophale	14,67,869	6.51%	14,67,869	6.51%
II	Mrs. Mugdha Rahul Kaskhediker	22,000	0.10%	22,000	0.10%
III	Ms. Shilpa Pophale	31,500	0.14%	36,500	0.16%
IV	Mrs. Priya Dharmadhikari	30,500	0.13%	30,500	0.13%
V	Mrs. Manisha Pophale	1,43,620	0.64%	1,43,620	0.64%
VI	Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%
VII	Mr. Adwait Dharmadhikari	500	0.00%	500	0.00%
VIII	Mr. Rahul Kaskhediker	33,834	0.15%	33,834	0.15%
IX	Mr. Shashikant Dharmadhikari	500	0.00%	500	0.00%
X	Adwait Dharmadhikari (HUF)	33,833	0.15%	33,833	0.15%
XI	Mr. Sharad Natekar	1000	0.00%	1000	0.00%
XII	Sujit Natekar (HUF)	500	0.00%	500	0.00%
XIII	M/s Electronica Hi Tech Machine Tools Private Limited	1,00,000	0.44%	1,00,000	0.44%
XIV	M/s Electronica Industries Limited	1,05,17,125	46.67%	1,05,17,125	46.67%
XV	M/s Mugdha Investment & Finance Private Limited	95,47,120	42.37%	95,47,120	42.37%
	Total	**2,19,64,232**	**97.46%**	**2,19,69,232**	**97.49%**

Note:

a. Percentage shown as "0.00" above are not nil, but rounded off to 2 decimals.

b. In case of Joint Holding, the name of the First Holder is considered.

c. No shares of Promoters have been pledged or encumbered as of 01/04/2019 or 31/03/2020 or during the year ended 31/03/2021.

iv) Change in Promoters' Shareholding: Yes, there is a transfer of 5,000 Equity shareholding upto the extent of 0.02% from Mr. Chiyyedu Sunit S. to Ms. Shilpa Pophale.

Sr. No.		Shareholding at the beginning of the Year- 01.04.2020		Cumulative Shareholding during the Year- 31.03.2021	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the Year	2,19,64,232	97.46%	2,19,69,232	97.49%
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (transfer of equity)	#			
	At the End of the year	**2,19,69,232**		**97.49%**	

Decrease/Increase in shareholding of Promoters group is mentioned hereunder

Sr. No.	Name	Shareholding at the Beginning of the Year		Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total Share Capital			No. of shares	% of total Share Capital
1	Ms. Shilpa Pophale	31,500	0.14%	5,000	Purchase	36,500	0.16%

v) **Shareholding pattern of top ten Equity Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)**

Shareholding pattern of top ten Equity shareholders as at 31st March 2021

Sr. No.	Name of Shareholder	Number of shares total shares of	% of the Company
I.	ESF Holdings	3,54,233	1.57%
II.	Mr. Shah Tushar Subodh	12,500	0.06%
III	Bhargava Hari (HUF)	7,500	0.03%
IV	Mr. Jhaveri Ajay	7,500	0.03%
V	Mr. Bhargava Siddhida	7,500	0.03%
VI	Mr. Bhargava Hari	7,500	0.03%
VII	Mr. Kolhatkar Nitin S.	7,000	0.03%
VIII	Mr. Bhanjan S.R	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 2021:

Notes:

a. In case of Joint Holding, the name of the first holder is considered.

b. 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.

c. The Shareholding details given above are based on the legal ownership and not beneficial ownership.

vi) **Shareholding of Directors and Key Managerial Personnel :**

Sr. No.	Shareholders Name	Shareholders as at 31/03/2020		Shareholders as at 31/03/2021	
		No. of shares	% of total shares of the Company	No of shares	% of total shares of the Company
I	Mr. Shrikant Raghunath Pophale	14,67,867	6.51%	14,67,867	6.51%
II	Ms. Shilpa Pophale	31,500	0.14%	36,500	0.16%
III	Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%
IV	Mr. Mayank Thatte	-	-	-	-
V	Ms. Khwahish Rawal	-	-	-	-

V. INDEBTEDNESS

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

(Rs. In Lakhs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as at 01 Apr 20				
I) Principal Amount	63,824.27	1,555.88	-	65,380.15
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	197.28	-	-	197.28
Total (i+ii+iii)	**64,021.55**	**1,555.88**	**-**	**65,577.43**
Change in Indebtedness during the financial year				
Addition	32,996.06	-	-	32,996.06
(Reduction)	(24,848.28)	(371.72)	-	(25,219.99)
Net Change	**8,147.78**	**(371.72)**	-	**7,776.07**
Indebtedness as at 31 Mar 21				
I) Principal Amount	71,636.97	1,184.16	-	72,821.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	532.36	-	-	532.36
Total (i+ii+iii)	**72,169.33**	**1,184.16**	-	**73,353.49**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. In Lakhs.)

Sr. No.	Particulars of Remuneration	Shilpa Pophale (Managing Director)
1.	Gross Salary	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	114.41
	(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)	**114.41**
	Ceiling as per the Act	Rs. 144.89- * (as per Companies Act 2013 Maximum Remuneration can be Paid 5% of Net Profit)

B. Remuneration to other Directors :

(Rs. In Lakhs.)

Sr. No.	Name of Director	Particulars of Remuneration			Total
		Fees for attending board/ committee meetings	Commission / Professional fees	Others	
1.	**Independent Directors**				
	Mr. Milind Limaye	4.00	-	-	4.00
	Mr. Mohan Tanksale#	2.75	-	-	2.75
	Mr. T. V. Rao*	2.50	-	-	2.50
	Mr. Venkatesh Srinivasan*	1.25	-	-	1.25
	Total (1)	**10.50**	**-**	**-**	**10.50**
2.	**Other Non-Executive Directors**	**-**	**-**	**-**	**-**
	Total (2)	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**10.50**	**-**	**-**	**10.50**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act			Rs. 86.93 /- (Maximum as per Companies Act 2013)	

\# Appointment w.e.f 24th August, 2020

* Resigned w.e.f. 26th August, 2020

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

(Rs. In Lakhs.)

Sr. No.	Particulars of Remuneration	Mayank Thatte (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 (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	60.81	6.03	66.84
II.	Stock Option	-	-	-
III.	Sweat Equity	-	-	-
IV.	Commission	-	-	-
	- as percentage of profit	-	-	-
	- others	-	-	
V.	Others	-	-	-
	Total	**60.81**	**6.03**	**66.84**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES : NIL

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.

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date : 2nd September, 2021
Place : Pune

efl®
...by your side

30 years of
Resilience

BREAKTHROUGHS AT EVERY STEP

2003 to 2005

DAWN OF A NEW ERA

Dawn of a new era as Shilpa Pophale takes over as new MD; Ties up with other manufacturers for financing.

2006 to 2007

CREATING FRUITFUL PARTNERSHIPS

Ties up with SIDBI; increases presence in 7 states and starts financing wood working industry.

2008 to 2010

CHANGING PRIORITIES

Reorganization of SRP Electronica Group; EFL emerges as the flagship company of SRP Group.

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REPORT ON CORPORATE GOVERNANCE

Governance Philosophy

Electronica Finance Limited (hereinafter referred to as EFL) recognises its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of corporate governance through transparency in business ethics, accountability to its customers, investors, regulators and other stakeholder. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better these practices by adopting best practices.

EFL fundamentally believes that good Corporate Governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory/ regulatory requirements. The philosophy of the Company is to maintain the level of ethics in all its dealings in order to achieve its goal of building the trust of investors in the Company

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, 2021, EFL's Board comprised of 5 directors consisting of Managing Director, Non-Independent – Non-Executive Director, Two Independent Directors and Nominee Director which were drawn from diverse fields / professions. All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Companies Act, 2013.

During the year under review, Mr. Ameya Bijoor was inducted on the Board as an Additional Director (Nominee) of the Company w.e.f. 11th November, 2020

Number of Board Meetings

During 2020-21, the Board of EFL met 5 times on – 26th June 2020, 6th July 2020, 24th August, 2020, 11th November 2020 and 12th February 2021. 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.

The draft minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the meeting. Comments, if any, received from the Directors are incorporated in the minutes. The minutes are approved by the members of the Board / Committee(s) and confirmed.

Directors' Attendance Record and Directorship Held

Sr.No.	Name of Director	Position	Category	No. of meetings held in 2020-21 during tenure	No. of meetings attended	No. of outside Directorships of public companies*
1.	Ms. Shilpa Pophale	Managing Director	Promoter - Executive	5	5	1
2.	Mr. Sujit Natekar	Director	Promoter- Non Executive	5	4	-
3.	Mr. Venkatesh Srinivasan*	Independent Director	Independent - Non Executive	3	2	N.A.
4.	Mr. T. V. Rao*	Independent Director	Independent - Non Executive	3	3	N.A.
5.	Mr. Milind Limaye	Independent Director	Independent - Non Executive	5	4	-
6.	Mr. Mohan Tanksale ^	Independent Director	Independent - Non Executive	2	2	8
7.	Mr. Ameya Bijoor#	Nominee Director	Non-Executive	1	1	-

* Term completed w.e.f. 26th August, 2020

^ appointment w.e.f. 24th August, 2020

appointment w.e.f. 11th November, 2020

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

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.

Remuneration paid to Executive Directors

Detailed information of Director's remuneration for the year 2020-21 is given in the table below:

(Rs. In Lakhs.)

Name of Director	Remuneration
Ms. Shilpa Pophale	**114.41**

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 2021

Sr.No.	Name of Director	Category	Number of Equity shares held	Convertible Warrants
I.	Ms. Shilpa Pophale	Promoter – Executive	36,500	Nil
ii.	Mr Sujit Natekar	Promoter – Non Executive	34,333	Nil
iii.	Mr. Mohan Vasant Tanksale	Independent – Non Executive	Nil	Nil
iv.	Mr. Ameya Gurunath Bijoor	Nominee Director	Nil	Nil
v.	Mr. Milind Limaye	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 noting's.

1. **AUDIT COMMITTEE**

As on 31st March 2021, EFL's Audit Committee comprised 3 members — Mr. Mohan Tanksale, Independent Director, Mr. Milind Limaye, Independent Director and Mr. Ameya Bijoor, Nominee 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 Directors. Mr. Mohan Tanksale, 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. Mohan Tanksale, Chairman of the Audit Committee was present at the last AGM of the Company.

In 2020-21, the Audit Committee met 4 times on — 26th June, 2020, 24th August, 2020, 11th November, 2020 and 11th February, 2021.

Details of Audit Committee

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Mohan Tanksale ^	Independent Director	2	2
Mr. Ameya Bijoor#	Nominee Director	1	1
Mr. Milind Limaye	Independent Director	4	4
Mr. Venkatesh Srinivasan*	Independent Director	2	1
Mr. T. V. Rao*	Independent Director	2	2

^ appointment w.e.f. 24th August, 2020

appointment w.e.f. 11th November, 2020

* Term completed w.e.f. 26th August, 2020

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 & compliances & 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 & 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 director's 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 2021. During FY 2020-21, 3 Meetings of the Nomination and Remuneration Committee were held on the following dates: 26th June, 2020, 24th August, 2020 & 11th November, 2020. As on 31st March 2021 , 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. Milind Limaye	Independent Director	3	3
Mr. Ameya Bijoor #	Nominee Director	-	-
Mr. Mohan Tanksale ^	Independent Director	1	1
Mr. Venkatesh Srinivasan*	Independent Director	2	-
Mr. T. V. Rao*	Independent Director	2	2

* Term completed w.e.f. 26th August, 2020

\# appointment w.e.f. 11th November, 2020

^ appointment w.e.f. 24th August, 2020

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the Financial Year 2020-21, 2 Meetings of the Corporate Social Responsibility Committee was held on 11th November, 2020 and 12th February, 2021. As on 31st March 2021 the Corporate Social Responsibility Committee comprising of Ms. Shilpa Pophale, Managing Director, Mr. Sujit Natekar, Director, Mr. Milind Limaye, Independent Director, Mr. Mohan Tanksale, Independent Director and Mr. Ameya Bijoor, Nominee 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.
- 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 2020-21 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. T. V. Rao*	Independent Director	-	-
Mr. Sujit Natekar	Director	2	1
Mr. Milind Limaye	Independent Director	2	1
Mr. Ameya Bijoor#	Nominee Director	1	1
Mr. Mohan Tanksale ^	Independent Director	2	2

* Term completed w.e.f. 26th August, 2020

\# appointment w.e.f. 11th November, 2020

^ appointment w.e.f. 24th August, 2020

4. ASSET LIABILITY MANAGEMENT COMMITTEE

During Financial Year 2020-21, 3 meetings of the Asset Liability Management Committee were held on 24th September, 2020, 28th October, 2020 and 28th January, 2021.

The role of the ALCO includes the following:

- Monitoring market risk management systems, compliance with the asset liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board of Directors and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;
- Monitoring the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
- The strategic management of interest rate and liquidity risks.

The composition of the Asset Liability Management Committee and the attendance of its members at its meetings held during FY 2020-21 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director	3	3
Mr. Sujit Natekar	Director	3	3
Mr. Milind Limaye*	Independent Director	2	2
Mr. Ameya Bijoor#	Nominee Director	1	1
Mr. Mohan Tanksale ^	Independent Director	1	1

* Ceased to be member w.e.f. 11th November, 2020

\# appointment w.e.f. 11th November, 2020

^ appointment w.e.f. 24th August, 2020

5. RISK MANAGEMENT COMMITTEE

During Financial Year 2020-21, 2 meetings of the Risk Management Committee were held on 22nd June, 2020 and 11th February, 2021.

The role of the RMC includes the following:

- Managing the integrated risk which would include Liquidity Risk, Interest Rate Risk, etc; and
- Such other functions as the Board may from time to time delegate to it.

The composition of the Risk Management Committee and the attendance of its members at its meetings held during FY 2020-21 is given below:

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	ManagingDirector	2	2
Mr. Sujit Natekar	Director	2	2
Mr. Milind Limaye*	Independent Director	1	1
Mr. Ameya Bijoor#	Nominee Director	1	1
Mr. Mohan Tanksale ^	Independent Director	1	1

* Ceased to be member w.e.f. 11th November, 2020
# appointment w.e.f. 11th November, 2020
^ appointment w.e.f. 24th August, 2020

6. BANK BORROWING COMMITTEE

During Financial Year 2020-21, 13 Meetings of the Bank Borrowing Committee were held on 26th May, 2020, 6th July, 2020, 4th August, 2020, 26th September, 2020, 4th November, 2020, 14th December, 2020, 21st December, 2020, 28th January, 2021, 10th February, 2021, 23rd February, 2021, 4th March, 2021, 19th March, 2021 and 23rd March, 2021.

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Ms. Shilpa Pophale	Managing Director	13	13
Mr. Sujit Natekar	Director	13	13
Mr. Milind Limaye	Independent Director	13	13
Mr. Ameya Bijoor*	Nominee Director	8	8

*Member w.e.f 11th November, 2020

7. IT STRATEGY COMMITTEE:

During Financial Year 2020-21, 2 Meetings of the IT Strategy Committee were held on 29th September, 2020 and 28th January, 2021.

The role of IT Strategy Committee includes the following:

- Approving Information Technology ("IT") strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;

The composition of IT Strategy Committee and the attendance of its Members at its Meetings held during FY 2020-21 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. Sujit Natekar*	Director	1	1
Mr. Milind Limaye	Independent Director	2	2
Mr. Ameya Bijoor*	Nominee Director	1	1
Mr. Mohan Tanksale*	Independent Director	1	1
Mr. Mayank Thatte*	Chief Financial Officer	2	2
Mr. Ashutosh Puntambekar*	Chief Technology Officer	2	2
Mr. Amit Gadre	Chief Information Officer	2	2

* Committee reconstituted w.e.f. 11th November, 2020

8. SECURITIES OPERATIONS COMMITTEE

During Financial Year 2020-21, 2 Meetings of the Securities Operations Committee were held on 20th August, 2020 and 28th August, 2020.

The composition of Securities Operations Committee and the attendance of its Members at its Meetings held during FY 2020-21 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. Sujit Natekar	Director	2	2
Mr. Milind Limaye	Independent Director	2	2
Mr. Ameya Bijoor #	Nominee Director	-	-
Mr. T. V. Rao*	Independent Director	2	-

* Ceased to be member w.e.f. 11th November, 2020

appointment w.e.f. 11th November, 2020

^ appointment w.e.f. 24th August, 2020

INDEPENDENT DIRECTOR MEETING

The meeting of the Independent Directors was held on 12th February, 2021 without the attendance of Non-Independent Directors and members of management to inter-alia;

i. review the performance of Non-Independent Directors and the Board as a whole;

ii. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors;

iii. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Performance evaluation of Independent Directors

The performance evaluation of Independent Directors is to be done by the entire Board of Directors except the Director which is being evaluated. The criterion for the evaluation of performance is laid down in the Nomination and Remuneration policy. The evaluation of the performance is being done on an annual basis of the following Independent Directors Mr. Mohan Tanksale and Mr. Milind Limaye.

DISCLOSURES

a) Related Party Disclosure

As required by the Accounting Standard AS-24, the details of Related Party Transactions are given in Notes 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 Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – 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') issued by RBI.

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 part of the Directors Report as an annexure.

Disclosures by Management to the Board

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

Means of Communication

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

Half Yearly/ Annual results:

The unaudited half yearly & audited annual results are forthwith sent to the stock exchanges where the Company's securities 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 Initative

As a responsible Corporate citizen, the Company welcomes the Green Initative 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.

  Mr. Sujit Natekar retires at this upcoming Annual General Meeting and being eligible offers himself for re-appointment.

  Mr. Mohan Tansale was inducted on the Board as a Non–Executive, Non-Independent Director of the Company w.e.f. 24th August, 2020.

  Mr. Ameya Bijoor was inducted on the Board as an Additional Director (Nominee) of the Company w.e.f. 11th November, 2020.

- **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 30 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

SHILPA POPHALE	SUJIT NATEKAR
MANAGING DIRECTOR	DIRECTOR
DIN: 00182457	DIN: 00182517

Date : 2nd September, 2021
Place : Pune

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30 years of
Resilience

TAKING BOLD STEPS TOWARDS TRANSFORMATION

2010 to 2011

BEGINNING NEW JOURNEYS

Vertical diversification into Printing & Textile Industry.

2012 to 2013

THE GROWTH STORY CONTINUES

AUM crosses INR 500 cr

Expands into 26 locations across 9 states.

2014 to 2015

REVOLUTIONISING THE MARKET

Launches industry first products like Industrial Property Loans and Working Capital Loans.

2016

CREATING NEW MILESTONES

30 branches, 7500 customers & 10000 machines financed.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Electronica Finance Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Electronica Finance Limited ("the Company"), which comprise the Balance sheet as at March 31,2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to theInd ASfinancial 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 Ind AS Financial Statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profitincluding other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS Financial Statementsin 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 Ind AS Financial Statements'section of our report. We are independent of the Company in accordance with the 'Code of Ethics'issued by the Institute of Chartered Accountants of India 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 Ind AS Financial Statements.

Emphasis of matter

We draw attention to note 49 to the Ind AS financial statements, which describes the continuing uncertainty caused by Novel Coronavirus (COVID-19) pandemic which could impact the Company's estimates of impairment of loans to customers and that such impairment may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS Financial Statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matters	How our audit addressed the key audit matter
(a) Impairment of financial assets (expected credit losses) *(as described in note 48 of the Ind AS financial statements)*	
Ind AS 109 requires the Company to recognize impairment allowance towards its financial assets (designated at amortized cost and fair value through other comprehensive income) using the expected credit loss (ECL) approach. Such ECL allowance is required to be measured considering the guiding principles of Ind AS 109 including: • unbiased, probability weighted outcome under various scenarios; • time value of money; • impact arising from forward looking macro-economic factors and; • availability of reasonable and supportable information without undue costs.	• Read and assessed the Company's accounting policies for impairment of financial assets and their compliance with Ind AS 109 and the governance framework approved by the Board of Directors pursuant to Reserve Bank of India ("RBI") guidelines issued on March 13, 2020. • Tested the design and operating effectiveness of the controls for staging of loans based on their past-due status. Tested samples of performing (stage 1) loans to assess whether any loss indicators were present requiring them to be classified under stage 2 or 3.

INDEPENDENT AUDITOR’S REPORT

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Applying these principles involves significant estimation in various aspects, such as:
• grouping of borrowers based on homogeneity by using appropriate statistical techniques;
• staging of loans and estimation of behavioral life;
• determining macro-economic factors impacting credit quality of receivables;
• estimation of losses for loan products with no/ minimal historical defaults.
Further, pursuant to the “Resolution Framework for COVID-19-related Stress” issued by RBI on August 6, 2020, the Company has offered a one-time restructuring (“OTR”) facility to borrowers impacted by COVID-19 pandemic. Such restructured loans have been classified into various stages and provided for based on management's assessment of changes in credit risk of such loans since initial recognition

The Company has recorded a management overlay as part of its ECL, to reflect among other things an increased risk of deterioration in macro-economic factors caused by COVID-19 pandemic. In accordance with the guidance in Ind AS 109, the management overlay estimate takes into account reasonable and supportable information.
In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.</td><td>• We evaluated the reasonableness of the management estimates by understanding the process of ECL estimation and tested the controls around data extraction and validation.

• Read Board approved policy for restructuring of loans under the COVID-19 guidelines issued by the RBI.

• Performed inquiries with the Company's management and its risk management function to assess the impact of COVID-19 on the business activities of the Company.

• Tested the ECL model, including assumptions and underlying computation.

• Assessed disclosures included in the Ind AS financial statements in respect of expected credit losses including the specific disclosures made with regards to the management's evaluation of the uncertainties arising from COVID-19 and its impact on ECL estimation.</td></tr>
<tr><td colspan="2">(b) IT systems and controls</td></tr>
<tr><td>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.</td><td>We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors:
• The aspects covered in the IT General Control audit were (i) User Access Management (ii) Program Change Management (iii) Other related ITGCs – to understand the design and test the operating effectiveness of such controls;
• Assessed the changes that were made to the key systems during the audit period and assessing changes that have impact on financial reporting;
• Tested the periodic review of access rights. We inspected requests of changes to systems for appropriate approval and authorization.
• Performed tests of controls (including other compensatory controls wherever applicable) on the IT application controls and IT dependent manual controls in the system.
• Tested the design and operating effectiveness of compensating controls, where deficiencies were identified and, where necessary, extended the scope of our substantive audit procedures</td></tr>
</table>

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 Ind AS 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 Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS Financial Statementsthat give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 theseInd AS Financial Statements.

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

- Identify and assess the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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 Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

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 Ind AS Financial Statementsfor the financial year ended March 31, 2021 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 accountas required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 Ind AS Financial Statementsand 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, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements Refer Note 35 to the Ind AS 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 has been no delay in transferring amounts, 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 Jayesh Gandhi
Partner
Membership Number: 037924

UDIN: 21037924AAAAEV9320
Mumbai
June 8, 2021

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) (a) The Company has granted loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, considering the nature of the Company and that the Company is registered as a non-banking finance company to which provisions of section 185 and 186 of the Act are not applicable and hence reporting under clause (iv) of the Order is not applicable.

(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, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service 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. As informed, the provisions of sales-tax, duty of custom, duty of excise and value added taxes are currently not applicable to the Company.

(c) According to the information and explanations given to us, the dues outstanding of income tax, goods and service tax, and cess which have not been deposited on account of any dispute, are as follows:

INDEPENDENT AUDITOR'S REPORT

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	135.37	27.40	AY 2015-16, AY 2016-17 and AY 2017-18	Commissioner of Income Tax (Appeals)

(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 complied with provisions of section 42 of the Act in respect of the preferential allotment or private placement of compulsorily convertible preference shares during the year. According to the information and explanations given by the management, we report that the amount raised have been used for the purposes 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.

(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 Jayesh Gandhi
Partner
Membership Number: 037924
UDIN: 21037924AAAAEV9320
Mumbai
June 8, 2021

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, 2021 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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

A company's internal financial control over financial reporting with reference to these Ind AS 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 Ind AS 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 Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS 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 Ind AS Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS 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 Ind AS Financial Statements and such internal financial controls over financial reporting with reference to these Ind AS Financial Statements were operating effectively as at March 31, 2021, 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

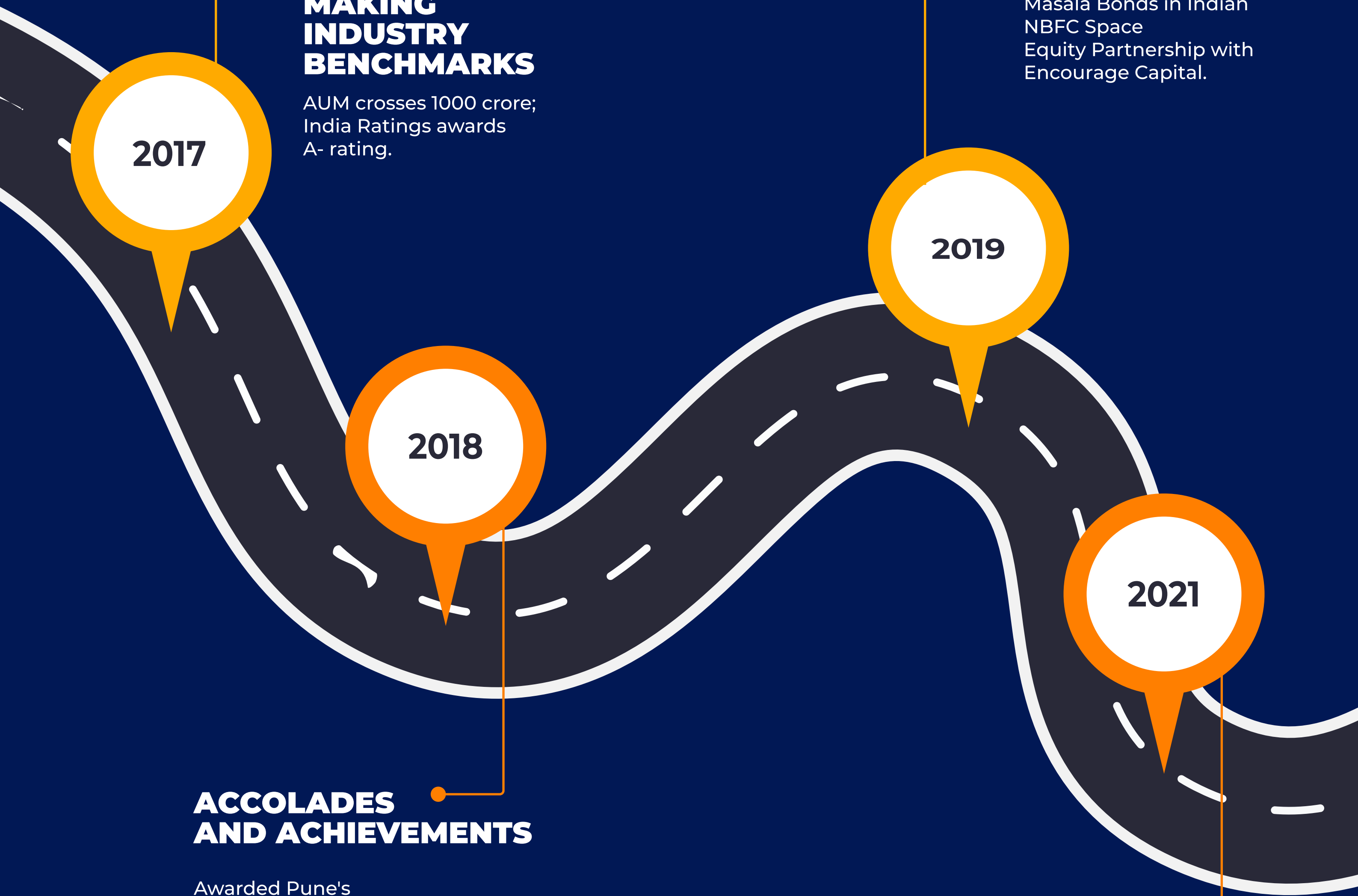
per Jayesh Gandhi
Partner
Membership Number: 037924

UDIN: 21037924AAAAEV9320
Mumbai
June 8, 2021

...by your side

30 years of
Resilience

A VISION FOR THE FUTURE



MAKING INDUSTRY BENCHMARKS

AUM crosses 1000 crore;
India Ratings awards
A- rating.

ACCOLADES AND ACHIEVEMENTS

Awarded Pune's
Best Employer
Presence in 45+ locations.

LOOKING TOWARDS NEW HORIZONS

Issuer of First Green
Masala Bonds in Indian
NBFC Space
Equity Partnership with
Encourage Capital.

A NEW CHAPTER BEGINS

AUM crossed 1500 cr.
Benchmark
Obtained credit guarantee for
Solar Business from USIDFC.

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BALANCE SHEET
AS AT March 31, 2021

(₹.in lakhs)

Particulars	Note no	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
ASSETS			
Financial Assets			
Cash and cash equivalents	4	2,402.14	5,430.25
Bank balances other than cash & cash equivalents	5	1,404.20	1,393.24
Loans	6	97,458.86	80,269.27
Investments	7	18.11	12.89
Other financial assets	8	936.10	742.54
Non financial assets			
Current tax assets (net)	9	211.16	116.80
Deferred tax assets (net)	10	892.89	743.04
Investment property	11	622.49	116.85
Property, plant and equipment	12	5,773.06	6,506.98
Capital work in progress		96.60	96.60
Intangible assets	12	119.89	96.73
Other non financial assets	13	826.20	691.16
Total assets		**1,10,761.70**	**96,216.35**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Debt securities	14	13,899.58	12,358.25
Borrowings (Other than debt securities)	15	58,954.63	52,322.49
Sub ordinated liabilities	16	499.28	896.72
Other financial liabilities	17	17,685.22	13,450.18
Non financial liabilities			
Current tax liabilities (net)	18	832.69	546.99
Provisions	19	176.31	129.79
Other non financial liabilities	20	34.88	120.26
Equity			
Equity share capital	21	2,253.46	2,253.46
Other equity	22	16,425.65	14,138.21
Total liabilities and equity		**1,10,761.70**	**96,216.35**
Summary of significant accounting policies	3		

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 Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: June 08, 2021

For and on Behalf of Board of Directors
Electronica Finance Limited
CIN: U74110PN1990PLC057017

Ms. Shilpa Pophale
Managing Director
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: June 08, 2021

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹.in lakhs)

Particulars	Note No	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Revenue from operations			
Interest income	23	15,169.60	15,123.77
Fee income	24	218.23	194.28
Gain on derecognition of financial assets	25	1,180.07	1,710.83
Sale of services	26	26.15	52.30
Recoveries of financial assets written off	27	27.82	38.53
Net gain on fair value changes	28	212.87	307.82
Total revenue from operations		**16,834.74**	**17,427.53**
Other income	29	386.24	363.77
Total income		**17,220.98**	**17,791.30**
Expenses			
Finance costs	30	7,082.89	7,741.10
Customer loyalty bonus	31	1,179.00	1,493.33
Impairment on financial instruments	32	994.54	850.83
Employee benefit expenses	33	3,383.35	3,425.84
Depreciation and amortisation expenses	11,12	427.60	374.25
Other expenses	34	1,157.30	1,453.35
Total expenses		**14,224.68**	**15,338.70**
Profit before tax		**2,996.30**	**2,452.60**
Tax expense:			
Current tax	10	919.18	698.24
Deferred tax	10	(154.37)	8.46
Total Tax expense		**764.81**	**706.70**
Profit after tax		**2,231.49**	**1,745.90**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit and loss:			
Re-measurement gains/(losses) on defined benefit plans		17.33	(27.76)
Tax impact on above		(4.51)	6.99
Other comprehensive income for the year (net of tax)		**12.82**	**(20.77)**
Total comprehensive income for the year		**2,244.31**	**1,725.13**
Earnings per share (Nominal value per share Rs.10/-)	36		
Basic		9.90	7.75
Diluted		7.70	7.16
Summary of significant accounting policies	3		

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: June 08, 2021

For and on Behalf of Board of Directors
Electronica Finance Limited
CIN: U74110PN1990PLC057017

Ms. Shilpa Pophale
Managing Director
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: June 08, 2021

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

a. Equity Share Capital

(₹.in lakhs)

Particulars	Note no	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Balance at the beginning of the year	21	2,253.46	2,253.46
Changes in equity share capital during the year		-	-
Balance at the end of the year		**2,253.46**	**2,253.46**

b. Other equity

(₹.in lakhs)

Particulars	Note no	Reserves and Surplus							Total Other equity
		Securities premium	Retained earnings	Reserve fund as per RBI	General reserve	Capital reserves	Capital redemption reserve	Employee stock options outstanding	
Balance as on April 01, 2019	**22**	**261.77**	**7,233.19**	**2,818.49**	**2,230.24**	**6.76**	**4.89**	**15.68**	**12,571.02**
Profit after tax		-	1,745.90	-	-	-	-	-	**1,745.90**
Other comprehensive income (net of taxes)		-	(20.78)	-	-	-	-	-	**(20.78)**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(349.18)	349.18	-	-	-	-	**-**
Share based payment to employees - charge for the year		-	-	-	-	-	-	33.21	**33.21**
Dividend and related distribution tax paid		-	(191.14)	-	-	-	-	-	**(191.14)**
Balance as at March 31, 2020		**261.77**	**8,417.99**	**3,167.67**	**2,230.24**	**6.76**	**4.89**	**48.89**	**14,138.21**
Profit after tax		-	2,231.49	-	-	-	-	-	**2,231.49**
Other comprehensive income (net of taxes)		-	12.82	-	-	-	-	-	**12.82**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(446.30)	446.30	-	-	-	-	**-**
Share based payment to employees - charge for the year		-	-	-	-	-	-	43.13	**43.13**
Balance as at March 31, 2021	**22**	**261.77**	**10,216.00**	**3,613.97**	**2,230.24**	**6.76**	**4.89**	**92.02**	**16,425.65**

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

For and on Behalf of Board of Directors
Electronica Finance Limited
CIN: U74110PN1990PLC057017

per Jayesh Gandhi
Partner
Membership No. 037924

Ms. Shilpa Pophale
Managing Director
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Place: Mumbai
Date: June 08, 2021

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: June 08, 2021

STATEMENT OF CASH FLOW

for the year ended March 31, 2021

(₹.in lakhs)

	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(I)	Operating activities		
	Profit before tax	2,996.30	2,452.60
	Adjustments for:		
	Depreciation and amortisation	427.60	374.25
	Profit on sale of fixed assets	(8.11)	(4.63)
	Impairment on financial instruments	460.70	543.08
	Loans and other balances written off	569.91	330.19
	Stock option expenditure	43.12	33.21
	Dividend income, considered under investing activities	(0.02)	(0.06)
	Profit from sale of investments, considered under investing activities	(68.96)	(7.49)
	Interest on margin money deposits	(38.65)	(34.08)
	Net gain on fair value changes	(1,392.94)	(2,018.65)
	Finance cost	1,285.57	1,360.15
	Cash generated from operations before working capital changes	**4,274.52**	**3,028.57**
	Working capital changes		
	(Increase)/decrease in loans	(18,184.13)	(4,399.36)
	(Increase)/decrease in other financial assets	974.39	1,741.56
	(Increase)/decrease in other non-financial assets	(158.98)	20.27
	Increase/(decrease) in other financial liabilities	3,699.86	(3,036.09)
	Increase/(decrease) in provisions	63.85	(51.51)
	Increase/(decrease) in other non-financial liabilities	(85.38)	(104.84)
	Cash generated from / (used in) operations	**(9,415.87)**	**(2,801.40)**
	Income tax paid (net of refunds)	(727.84)	(1,000.66)
	Net cash from / (used in) operating activities (I)	**(10,143.71)**	**(3,802.06)**
(II)	Investing activities		
	Purchase of property, plant and equipment (incl.capital work-in-progress)	(116.25)	(1,158.08)
	Purchase of intangible assets	(57.28)	(26.62)
	Proceeds from maturity of fixed deposits	718.79	1,521.04
	Payments towards fixed deposits	(691.10)	(1,388.84)
	Proceeds from sale of property, plant and equipment	10.09	12.34
	Purchase of investments	(12,320.00)	(9,290.14)
	Proceeds from sale of investments	12,320.00	9,297.49
	Dividend received	0.02	0.06
	Income from mutual funds	68.96	0
	Net cash generated from/(used in) investing activities (II)	**(66.77)**	**(1,032.75)**
(III)	Financing activities		
	Proceeds from debts securities	6,500.00	0
	Proceeds from borrowings (other than debt securities)	25,290.00	34,643.45
	Repayment of debt securities	(5,391.61)	(2,900.00)
	Repayment of borrowings (other than debts securities)	(19,055.30)	(21,941.34)
	Payment of lease liability	(160.71)	(133.78)
	Dividend Paid	0	(191.14)
	Net cash flows from / (used in) financing activities (III)	**7,182.38**	**9,477.19**
	Net cash generated / (used) (I+II+III)	**(3,028.11)**	**4,642.38**
	Cash and cash equivalents at the beginning of the year	**5,430.25**	**787.87**
	Cash and cash equivalents at the end of the year	**2,402.14**	**5,430.25**

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 Jayesh Gandhi
Partner
Membership No. 037924

Place: Mumbai
Date: June 08, 2021

For and on Behalf of Board of Directors
Electronica Finance Limited
CIN: U74110PN1990PLC057017

Ms. Shilpa Pophale
Managing Director
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: June 08, 2021

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 2013. The Company is registered as a systemically important non-deposit accepting Non-Banking Financial Company ('NBFC-ND-SI') 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 and Compliance with Ind AS

a. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) as perthe Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the Act) along with other relevant provisions of the Act and the Master Direction – Non-Banking FinancialCompany – 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 (‘theNBFC Master Directions’) issued by RBI.

b. For the year ended 31 March 2021, the Company had prepared its financial statements in accordance with accounting standardsnotified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions. These financial statementsfor the year ended March 31, 2021 the Company has prepared in accordance with Ind AS. The Company had applied Ind AS 101‘First-time Adoption of Indian Accounting Standards’, for transition from previous GAAP to Ind AS on 31st March2020.

c. The financial statements have been prepared on an accrual basis.

d. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or are vision to the existing accounting standard requires a change in the accounting policy hitherto in use.

2.1 Presentation of financial statements

The Balance Sheet, the Statement of changes in Equity, and the Statement of Profit and Loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time, for Non-Banking Financial Companies (‘NBFCs’) that are required to comply with Ind AS. The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions that affect the accounting policies, 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. Accounting estimates and underlying assumptions are reviewed on an on-going basis and could change from period to 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. Any revisions to accounting estimates are recognized prospectively in the period in which the estimates revised and future periods. Accounting estimates and judgments are used in various line items in the financial statements for e.g.:

- Business model assessment [Refer note no. 3.d.(i)]
- Fair value of financial instruments [Refer note no. 3.d(I)., 44, 45 & 48]
- Effective Interest Rate (EIR) [Refer note no. 3.d(I)]
- Impairment on financial assets [Refer note no. 3.d(I), 6,8,11 & 13]
- Provisions and other contingent liabilities [Refer note no. 3.t., 17, 19 & 35]
- Provision for tax expenses [Refer note no. 3.p.]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.h.]

3. Summary of Significant Accounting Policies

a. Income

(i) Interest Income

The company recognizes interest income using Effective Interest Rate (EIR) on all financial assets subsequently measured at amortized cost. EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

The Company recognizes interest income by applying the EIR to the gross carrying amount of the loan asset (i.e. loan amount less cash collateral collected from the customer at the inception of the loan) other than credit-impaired assets. In case of credit-impaired financial assets [as set out in note no. 3.d.(i)] regarded as 'stage 3', the Company recognizes interest income on the amortized cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired [as outlined in note no. 3.d. (i)], the Company reverts to the method of calculating interest income on a gross basis. Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognized at the contractual rate of interest.

Penal and other financial charges :

Cheque bouncing charges, late payment charges, penal interest, foreclosure charges and application money are recognized on a point-in-time basis and are recorded when realized since the probability of collecting such monies is established when the customer pays. Penal interest and cheque bouncing charges are also recognized in case there is a certainty of realization, to the extent the amount is accrued as payable to the respective customer.

(ii) Other revenue from operations

The Company recognizes revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers'. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognizes revenue only on satisfactory completion of performance obligations. Revenue is measured at fair value of the consideration received or receivable.

a. Income from direct assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest pread ("EIS"). The future EIS computed based on the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded up front in the profit and loss statement.

b. Fees

The Company recognizes service and administration charges towards rendering of additional services to its loan customers on satisfactory completion of service delivery. Fees on value added services and products are recognized on rendering of services and products to the customer. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognized on realization.

c. Net gain on fair value changes

Financial assets are subsequently measured at fair value through profit or loss (FVTPL). The Company recognizes gains/losses on fair value change of financial assets measured as FVTPL and realized gains/losses on de-recognition of financial asset measured at FVTPL.

d. Sale of services

Other revenues on sale of services are recognized as per Ind AS 115 'Revenue from Contracts with Customers' as articulated above in 'other revenue from operations.

e. Dividend income

Dividend income is recognized when the company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

f. Recoveries of financial assets written off

The company recognizes income on recoveries of financial assets written off on realization or when the right to receive the same without any uncertainties of recovery is established.

(iii) Indirect Taxes:

Incomes are recognized net of the Goods and Services Tax/Service Tax, wherever applicable.

b. Expenditures

(i) Finance costs

Borrowing costs on financial liabilities are recognized using the EIR.

(ii) Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such commission/incentive incurred on value added services and products distribution, recovery charges and fees payable for management of portfolio, etc., are recognized in the Statement of Profit and Loss on an accrual basis.

(iii) Customer loyalty bonus

Customer loyalty bonus is an amount payable to the borrower at completion of his loan tenure. The provision for such liability is calculated based on 3 factors :

(a) Time proportion

(b) Probability of foreclosure and

(c) Discounting to arrive at present value.

(iv) Taxes

Expenses are recognized net of the Goods and Services Tax, except where credit for the input tax is not statutorily permitted. As per GST Law, 50% Input tax credit needs to be reversed as the company is a NBFC. Such credit reversal is accounted for as an expense.

c. Cash and Cash equivalents

Cash and cash equivalents include cash on hand, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an in significant risk of changes in value. Other investments with original maturity of greater than 3 months are classified in Bank balances other than cash and cash equivalents

d. Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payables, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognized on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities, the Company recognizes the financial instruments on settlement date. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans are recognized when funds are transferred to the customers' account (or to the account of a machine supplier for supply of machinery to the customer based on customer's request). The company recognizes debt securities, deposits, and borrowings when funds are credited to the bank account of the company.

(i) Financial assets

Financial assets include cash, or an equity instrument of another entity, or a contractual right to receive cash or another financial asset from another entity. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables and cash and cash equivalents.

Up front fees

The company enters into contract with customers to provide loan wherein customer is required to pay a non-refundable processing fees. According to Ind AS, these fees are amortized over the net expected life of the loan based on the EIR method, Under the past practices, these were recorded as income immediately on receipt, whenever the agreement is signed.

Effective Interest Rate (EIR) method

The Company recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected net life of loans given / taken and recognizes the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (excluding prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

Initial measurement

All financial assets are recognized initially at fair value including transaction costs that are attributable to the acquisition of financial assets except in the case of financial assets recorded at FVTPL where the transaction costs are charged to profit or loss.

Subsequent measurement

For subsequent measurement, financial assets are classified into two categories:

(a) Debt instruments at amortized cost

(b) Debt instruments at FVTPL

(a) Debt instruments at amortized cost :

The Company measures its financial assets at amortized cost if both the following conditions are met:

- The asset is held within a business model of collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flows that are Sole Payments of Principal and Interest (SPPI) on the principal amount outstanding.

To make the SPPI assessment, the Company applies judgment and considers relevant factors such as the nature of portfolio and the period for which the interest rate is set.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument by instrument basis, but at a higher level of aggregated portfolios. If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated financial assets going forward.

The business model of the Company for assets subsequently measured at amortized cost category is to hold and collect contractual cash flows. However, considering the economic viability of carrying the delinquent portfolios in the books of the Company, it may sell these portfolios to banks and/or asset reconstruction companies.

After initial measurement, such financial assets are subsequently measured at amortized cost on effective interest rate(EIR).The expected credit loss (ECL) calculation for debt instruments at amortized cost is explained in subsequent notes in this section.

(b) Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for trading assets are recorded and measured in the Balance Sheet at fair value. Interest and dividend incomes are recorded in interest income and dividend income, respectively according to the terms of the contract, or when the right to receive the same has been established. Gain and losses on changes in fair value of debt instruments are recognized on net basis through profit or loss.

The Company's investments into mutual funds and bank deposits used for short-term cash flow management have been classified under this category.

De-recognition of Financial Assets

The Company derecognizes a financial asset (or, where applicable, a part of a financial asset) when:

- The right to receive cash flows from the asset have expired; or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognized, the Company does not have any continuing involvement in the same.
- The Company transfers its financial assets through the partial assignment route and accordingly derecognizes the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognizes either a servicing asset or a servicing liability for that servicing contract. A service liability in respect of a service is recognized at fair value if the fee to be received is not expected to compensate the Company adequately for performing the service. If the fees to be received are expected to be more than adequate compensation for the servicing, a service asset is recognized for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

On de-recognition of a financial asset in its entirety, the difference between:

- The carrying amount (measured at the date of de-recognition) and
- The consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

Impairment of financial assets

Expected Credit Losses (ECL) are recognized for financial assets held under amortized cost, debt instruments measured at amortized cost, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12-month ECL is recognized. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3'. Lifetime ECL is recognized for stage 2 and stage 3 financial assets.

At initial recognition, allowance (or provision in the case of loan commitments) is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life is less than 12 months.

In the event of a significant increase in credit risk, allowance (or provision) is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment loss allowances) are written off in full when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months is recognized for financial instruments in stage 1. We have scertained default events based on past behavioral trends witnessed for each homogenous portfolio. These trends are established based on customer behavior and economic trends in industry.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default occurring over the remaining life of the loan exposure. However, unless identified at an earlier stage, we have determined all assets are deemed to have suffered a significant increase in credit risk when more than 30 days past due.

Based on other indications of borrower's delaying payments beyond due dates though not 30 days past due and other indications like non- cooperative borrowers, customer's overall indebtedness, death of customer, adverse impact on the business, serious erosion in the value of the underlying collateral, certain accounts are included in stage 2.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies, and borrower profiles.

The default risk is assessed using PD (probability of default) derived from past behavioral trends of default across the identified homogenous portfolios.

The default risk is established based on multiple factors like Nature of security, Customer industry segments, current conditions and future macroeconomic conditions.

(c) Credit impaired (stage 3)

The Company recognizes a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Restructured loans, where repayment terms are renegotiated as compared to the original contracted terms due to significant credit distress of the borrower, are classified as credit impaired. Such loans continue to be in stage 3 until they exhibit regular payment of renegotiated principal and interest over a minimum observation period, typically 12 months – post renegotiation, and there are no other indicators of impairment. Having satisfied the conditions of timely payment over the observation period these loans could be transferred to stage 1 or 2 and a fresh assessment of the risk of default is done for such loans.

Interest income is recognized by applying the EIR to the net amortized cost amount i.e. gross carrying amount less ECL allowance.

(d) Measurement of ECL

The assessment of credit risk and estimation of ECL are unbiased and probability weighted. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL considers the time value of money. Forward looking economic scenarios determined with reference to external forecasts of economic parameters that have demonstrated a linkage to the performance of our portfolios over a period of time have been applied to determine impact of macro- economic factors.

The Company has calculated ECL using three main components: a probability of default (PD), a loss given default (LGD) and exposure at default (EAD). ECL is calculated by multiplying the PD, LGD and adjusted for time value of money using a rate which is a reasonable approximation of EIR.

- Determination of PD is covered above for each stage of ECL.
- LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realized and the time value of money.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 48.

(ii) Financial liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings and subordinated debts.

Initial measurement

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade payables, other payables, debt securities and other borrowings.

Subsequent measurement

After initial recognition, all financial liabilities are subsequently measured at amortized cost using the EIR [Refer note no. 3.d.(i)].

Any gains or losses arising on de-recognition of liabilities are recognized in the Statement of Profit and Loss.

De-recognition

The Company derecognizes a financial liability when the obligation under the liability is discharged, cancelled or expired.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, only if there is an enforceable legal right to offset the recognized amounts with an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

e. Rescheduled loans

The company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The company considers a loan reschedule only if company notices temporary cash flow mismatch due to borrower's present Forbearance may involve extending the payment arrangements and the agreement of new loan conditions.

Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognized, the company also reassesses whether there has been a significant increase in credit risk.

The company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period.

For the loan to be reclassified out of the forborne category, the customer has to make regular repayment for minimum 12 months.

f. Non-current assets held for sale

The Company classifies non-current assets and disposal groups as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required completing the sale/ distribution should indicate that it is unlikely that the significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn.

Non-current assets held for sale/for distribution to owners are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortized.

g. Foreign currency transactions

Initial Recognition: A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. 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, (if any) 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.

h. Property, Plant and Equipment

Property, plant and equipment are carried at historical cost of acquisition less accumulated depreciation and impairment losses, consistent with the criteria specified in Ind AS 16 'Property, Plant and Equipment'.

(I) Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment in their carrying value, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met, initial estimate of costs of removing and dismantling an item and restoring a site where it is located 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) 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 adopted by the company (in years)
Building	60
Plant and machinery	15
Computers	3
Servers and networks	6
Office equipment	5
Furniture and fixtures	10
Vehicles	8

The depreciable amount of an asset is determined after deducting its residual value. In practice, the residual value of an asset is considered to be 5% of cost.

(iii) Property plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / xpense in the statement of profit and loss in the year the asset is derecognized. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

(iv) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

i. Intangible Assets and amortization thereof

(I) Intangible assets acquired separately are measured on initial recognition at cost less accumulated amortization and accumulate impairment.

(ii) Depreciation is provided in accordance with the requirements of Indian Accounting Standard (Ind AS) 38 – 'Intangible Assets'. Accordingly, amortization of computer software has been charged using the Straight Line Method as per useful lives of respective assets. The useful lives of intangible assets are reviewed at each financial year and adjusted prospectively, if appropriate.

j. Investment property

As per Ind AS 40, Land and buildings which are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property.

Investment property measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are expensed when incurred. Depreciation on investment property is provided on a pro rata basis on straight line method over the estimated useful lives. Useful life of assets, as assessed by the management, corresponds to those mentioned in note h (ii) above.

Though the company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined as the Net Present value of future cash flows discounted at cost of funds.

The investment property is de-recognized on disposal or on permanent withdrawal from use and no future economic benefits is expected from its disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

k. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, 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.

l. Cash collateral

Financial liabilities related to cash collateral (margin) of borrowers are considered in the effective interest rate computation of loan portfolio.

In case of subsequent assignment of loans, gain on assignment has been arrived at after considering the fair value of cash collateral at the time of such assignment.

Financial liabilities related to cash collateral (margin) held against the cross-collateral exposures to borrowers under co-branding arrangements are recognized at fair value on initial recognition. The FV gain arising out of such valuation has been recognized in P&L on a time proportionate basis.

m. 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.

(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 utilized 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 recognized 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.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not classified to profit or loss in subsequent periods.

n. Employee Stock Option Scheme

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost is recognized in employee benefits expenses together with a corresponding increase in employee stock option outstanding account in other equity, over the period in which the service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has not expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

Service conditions are not taken into consideration when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions are not met.

o. Income taxes

(I) Current tax

As per Ind AS 12, current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

p. Earnings Per Share

(i) Basic Earnings per share

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

(ii) Diluted earnings per share

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

q. Leases - Ind AS 116

With effect from 1 April 2019, the Company has applied Ind AS 116 'Leases' for all long term and material lease contracts covered by the Ind AS. The Company has adopted modified retrospective approach as stated in Ind AS 116 for all applicable leases on the date of adoption.

Measurement of Lease Liability

At the time of initial recognition, the Company measures lease liability as present value of all lease payments discounted using the Company's incremental cost of borrowing and directly attributable costs. Subsequently, the lease liability is -

(i) increased by interest on lease liability;

(ii) reduced by lease payments made; and

(iii) re-measured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

Measurement of Right-of-use assets

At the time of initial recognition, the Company measures 'Right-of-use assets' as present value of all lease payments discounted using the Company's incremental cost of borrowing w.r.t said lease contract. Subsequently, 'Right-of-use assets' is measured using cost model i.e. at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability specified in Ind AS 116 'Leases'.

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period. The exception permitted in Ind AS 116 for low value assets and short-term leases has been adopted by Company.

r. Borrowing costs

Borrowing costs is 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 as computed based on EIR. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

s. Compulsorily Convertible Preference Shares:

Compulsorily Convertible Preference Shares ("CCPS") which do not meet the definition of Equity in accordance with Ind AS, are disclosed as debt instruments. The CCPS are recognized at fair value on initial recognition.

Subsequent measurement of the CCPS at each reporting date is also done at fair value. The fair value of the CCPS at each reporting date is based on the likely number of equity shares to be issued on conversion at the reporting date depending on the terms of conversion and the fair value per equity share as at the reporting date. The difference between the fair value of the shares expected to be issued on conversion and the carrying value of CCPS on the reporting date is recorded in the profit & loss statement.

t. Provisions and contingent liabilities

A provision is recognized 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 (except for Provision related to customer loyalty bonus) 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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements and takes it into account while computing the CRAR as per risk weight defined under applicable RBI norms.

u. Fair value measurements

The Company measures its qualifying financial instruments at fair value on each Balance Sheet date.

Fair value is the price that would be received against sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the accessible principal market or the most advantageous accessible market as applicable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy into Level I, Level II and Level III based on the lowest level input that is significant to the fair value measurement as a whole. For detailed information on the fair value hierarchy, refer note no. 45 and 48.

For assets and liabilities that are fair valued in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

30 years of Resilience

4 Cash and cash equivalents

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Cash on hand	1.01	1.01
Balance with banks -		
- in current accounts	2,401.13	997.86
- in Fixed deposits (with original maturity of less than three months)	-	4,325.58
- balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments (with original maturity of less than three months)	-	105.80
Total	**2,402.14**	**5,430.25**

5 Bank balances other than cash and cash equivalents

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Fixed deposits with bank	0.68	94.60
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	1,403.52	1,298.64
Total	**1,404.20**	**1,393.24**

6 Loans

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
At amortised cost		
(A) Term loans	99,960.13	82,309.84
Less: Impairment allowance	(2,501.27)	(2,040.57)
Total (A)	**97,458.86**	**80,269.27**
(B) Out of the above		
(I) Secured (Against hypothecation of equipments, plant & machinery, book debts and equitable/ registered mortgage of immovable properties, etc.)	96,616.22	75,580.79
Less: Impairment allowance	(2,129.23)	(1,116.84)
Sub total (I)	**94,486.98**	**74,463.95**
(II) Unsecured	3,343.91	6,729.05
Less: Impairment allowance	(372.04)	(923.73)
Sub total (II)	**2,971.88**	**5,805.32**
Total (I+II)	**97,458.86**	**80,269.27**
(C) Out of the above		
(I) Within India	99,960.13	82,309.84
Less: Impairment allowance	(2,501.27)	(2,040.57)
Sub total (I)	**97,458.86**	**80,269.27**
(II) Outside India	-	-
Total (I+II)	**97,458.86**	**80,269.27**

Bank balances other than cash and cash equivalents (₹.in lakhs)

Particulars	**Figures as at the end of current reporting period ending on March 31,2021**	**Figures as at the end of previous reporting period ending on March 31,2020**
(D) Out of the above		
(I) to public sector/government entities	-	-
(II) others	99,960.13	82,309.84
Less: Impairment allowance	(2,501.27)	(2,040.57)
Sub total (II)	**97,458.86**	**80,269.27**
Total (I+II)	**97,458.86**	**80,269.27**
(E) Out of the above		
(I) due from related parties	60.56	40.41
Less: Impairment allowance	0.27)	(0.49)
Sub total (I)	**60.29**	**39.92**
(II) Other	99,899.57	82,269.43
Less: Impairment allowance	(2,501.00)	(2,040.08)
Sub total (II)	**97,398.57**	**80,229.35**
Total (I+II)	**97,458.86**	**80,269.27**

- No trade or other receivable are due from directors or other officers of the Company either jointly or severally with any other person.

Summary of loans by stage distribution (₹.in lakhs)

Particulars	**Figures as at the end of current reporting period ending on March 31,2021**	**Figures as at the end of previous reporting period ending on March 31,2020**
Stage 1		
Gross carrying value	94,792.93	78,349.46
Less: Impairment allowance*	(544.57)	(447.25)
Net carrying value (A)	**94,248.36**	**77,902.21**
Stage 2		
Gross carrying value	2,339.74	853.18
Less: Impairment allowance*	(366.46)	(107.43)
Net carrying value (B)	**1,973.29**	**745.75**
Stage 3		
Gross carrying value	2,827.46	3,107.20
Less: Impairment allowance*	(1,590.25)	(1,485.89)
Net carrying value (C)	**1,237.21**	**1,621.31**
Total		
Gross carrying value	**99,960.13**	**82,309.84**
Less: Impairment allowance*	(2,501.27)	(2,040.57)
Net carrying value (A+B+C)	**97,458.86**	**80,269.27**

*Note: An estimation of potential stress on probability of default and loss given default due to Covid-19 situation was applied in developing the assumptions to assess the impairment loss allowance on Loans. Accordingly, the Company has recognized an additional impairment allowance of Rs. 185.45 lakhs (PY: Rs. 166.11 lakhs) on loans.

Analysis of changes in the gross carrying amount & corresponding ECL allowances in relation to loans is as follows (₹.in lakhs)

Particulars	as at March 31, 2021							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
as at March 31, 2020	**78,349.46**	**447.25**	**853.18**	**107.43**	**3,107.20**	**1,485.89**	**82,309.86**	**2,040.58**
Transfers during the year								
transfers to Stage 1	443.83	74.60	(273.00)	(23.62)	(170.83)	(50.99)	-	-
transfers to Stage 2	(1,485.84)	(11.07)	1,559.31	32.91	(73.47)	(21.85)	-	-
transfers to Stage 3	(1,073.28)	(7.27)	(153.63)	(16.38)	1,226.91	23.65	-	-
Impact of changes in credit risk on account of stage movements	-	(73.25)	-	283.93	-	614.87	-	825.55
Changes in opening credit exposures (additional disbursement net of repayments)	(30,802.98)	(160.16)	(618.38)	(33.36))	(738.10)	69.09	(32,159.46)	(124.42)
New credit exposures during the year, net of repayments	49,361.73	274.46	972.26	15.54	9.59	3.42	50,343.59	293.42
Amounts written off during the year	-	-	-	-	(533.84)	(533.84)	(533.84)	(533.84)
as at March 31, 2021	**94,792.93**	**544.57**	**2,339.74**	**366.45**	**2,827.46**	**1,590.25**	**99,960.13**	**2,501.27**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹.in lakhs)

Particulars	as at March 31, 2020							
	Stage 1		Stage 2		Stage 3		Total	
	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance	Term loans (Gross)	Impairment loss allowance
as at March 31, 2019	**75,338.97**	**371.51**	**772.80**	**69.32**	**2,128.89**	**1,056.64**	**7,8240.67**	**1,497.48**
Transfers during the year								
transfers to Stage 1	105.55	55.22	(33.58)	(2.64)	(71.97)	(52.58)	-	-
transfers to Stage 2	(497.87)	(2.68)	497.87	2.68	-	-	-	-
transfers to Stage 3	(1,390.14)	(36.82)	(216.07)	(23.03)	1,606.21	59.85	-	-
Impact of changes in credit risk on account of stage movements	-	(54.73)	-	28.45	-	615.42	-	589.14
Changes in opening credit exposures (additional disbursement net of repayments)	(42,282.72)	(155.92)	(387.37)	13.62	(505.16)	11.02	(43,175.26)	(131.29)
New credit exposures during the year, net of repayments	47,075.67	270.67	219.53	19.03	256.98	103.29	47,552.18	392.99
Amounts written off during the year	0.00	0.00	0.00	0.00	(307.75)	(307.75)	(307.75)	(307.75)
as at March 31, 2020	**78,349.46**	**447.25**	**853.18**	**107.43**	**3,107.20**	**1,485.89**	**82,309.84**	**2,040.57**

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss (₹.in lakhs)

Particulars	March 31, 2021	March 31, 2020
Net impairment loss allowance charge for the year	460.70	543.08
Amounts written off during the year	533.84	307.75
Impairment on financial instruments	**994.54**	**850.83**

7. Investment

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Investments carried at fair value through profit and loss account		
(A) In equity instruments	**18.11**	**12.89**
Total	**18.11**	**12.89**
*** Out of the above**		
- Within India	18.11	12.89
- Outside India	-	-

8. Other Financial Assets

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Security deposits	95.01	104.82
Retained interest on assets assigned	583.92	440.56
Receivable from customers under co-branding arrangement	86.72	197.16
Inter Corporate Deposit	50.59	-
Ex-Gratia Receivable from Central Government	119.86	-
Total	**936.10**	**742.54**

9. Current Tax Assets

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Advance income tax		
(Net of provisions of Rs. 687.27 lakhs; (PY Rs. 22.66 lakhs))	211.16	116.80
Total	**211.16**	**116.80**

10 Deferred tax assets (net)

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Deferred tax asset		
Disallowance u/s 43B of Income tax Act, 1961	37.78	16.85
EIR impact on financial instruments measured at amortised cost	737.22	627.50
Loyalty Bonus provision	230.36	158.17
Impairment on financial instruments	498.32	369.67
Employee Stock Options issued	25.20	-
Remeasurement of Actuarial losses through OCI	3.58	8.09
Leases	5.74	36.67
Other temporary differences	11.68	10.42
Less:		
Deferred tax liability		
Depreciation / amortization charged for the financial reporting	(54.55)	(18.80)
Fair valuation of cash collateral	(384.65)	(332.80)
Service asset on derecognition of financial assets	(146.96)	(110.88)
EIR impact on financial instruments measured at amortised cost	(33.41)	(21.85)
Fair Valuation of Investments	(1.32)	-
Other temporary differences	(36.10)	-
Total	**892.89**	**743.04**

a. Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at corporate tax rate applicable to the company. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate is, as follows:

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Accounting profit before tax	**2,996.30**	**2,452.60**
At India's statutory income tax rate of 25.17% (2020: 25.17%)	754.11	617.27
Tax impact due to revaluation of deferred tax due to change in Income tax rate	-	73.03
Tax on income not subject to tax	(0.01)	(1.90)
Tax on expenditure not considered for tax	22.84	24.35
Tax on additional deductions	(12.13)	(6.04)
Income tax expense reported in the statement of profit and loss	**764.81**	**706.70**

- Company opted for reduced corporate tax rate of 25.17% as per recently inserted section 115BAA of the Income Tax Act, 1961 during the year ended March 31, 2021.
- The effective income tax rate for the financial year ended on March 31, 2021 is 25.53% (March 31, 2020 : 28.81%).

b. Deferred Tax

Changes in deferred tax recorded in profit and loss account:

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Disallowance u/s 43B of Income tax Act, 1961	(20.93)	31.00
EIR impact on financial instruments measured at amortised cost	(109.72)	(25.32)
Loyalty Bonus provision	(72.19)	24.84
Depreciation / amortization charged for the financial reporting	35.75	27.34
Impairment on financial instruments	(128.65)	(21.50)
Leases	30.93	(36.59)
Fair valuation of cash collateral	51.85	76.41
Service asset on derecognition of financial assets	36.08	(25.27)
EIR impact on financial instruments measured at amortised cost	11.56	(36.87)
Employee Stock Options issued	(25.20)	-
Fair Valuation of Investments	1.32	-
Other temporary differences	34.83	(5.57)
Total	**(154.37)**	**8.46**

Changes in deferred tax recorded in other comprehensive income:

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Remeasurement of Actuarial losses through OCI	4.51	(6.99)
Total	**4.51**	**(6.99)**

11 Investment property

(₹.in lakhs)

Particulars	Amount
Cost	
at April 01, 2019	**137.93**
Additions	-
Disposals	-
Adjustments	-
at March 31, 2020	**137.93**
Additions *	551.55
Disposals	-
Adjustments	-
at March 31, 2021	**689.48**

(₹.in lakhs)

Particulars	Amount
Depreciation	
at April 01, 2019	**18.93**
Charge for the year	2.15
Disposals	-
Adjustments	-
at March 31, 2020	**21.08**
Charge for the year	2.15
Disposals	-
Adjustments *	43.75
at March 31, 2021	**66.99**
Net Block	
at March 31, 2020	**116.85**
at March 31, 2021	**622.49**

*Note:During the year, an asset with gross block of Rs.551.55lakhs and anaccumulated depreciation of Rs.43.75 lakhs has been transferred from property, plant & equipment to investment properties.

I. Amount recognised in profit and loss for investment properties

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Rental income	7.28	13.76
Direct operating expenses from property that generated rental income	-	-
Profit from Investment property before depreciation	**7.28**	**13.76**
Depreciation for the year	(2.15)	(2.15)
Profit from Investment property after depreciation	5.13	11.61

ii. Fair Value

(₹.in lakhs)

	for the year ended March 31, 2021	for the year ended March 31, 2020
Investment property	747.79	172.15

As at	Carrying value	Fair value measurement using: Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
March 31, 2021	622.49	-	-	747.79	747.79
March 31, 2020	116.85	-	-	172.15	172.15

Estimation of Fair value

Investment properties leased out by the company are cancel lable leases. The best estimation offair value is on the basis of market ratesprevailingforsimilarpropertiesinthoselocationdeterminedbyanindependentregiteredvaluer. But due to Covid-19 pandemic, the management was unable toget the valuation done from an independent valuer, hence fair value is determined as the Net Present value of future cash flows discounted at weighted average cost of funds of the company.

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for the year ended March 31, 2021

12 Property, Plant and Equipment

(₹.in lakhs)

Particulars	Tangible assets									Intangible assets	
	Land	Building	Plant and Machinery	Computers	Office Equipment	Furniture and Fixture	Vehicles	Right of use assets	Total	Software	Total
Cost											
at April 01, 2019	1389.96	2282.33	185.44	122.96	208.71	380.64	84.39	339.22	4,993.65	384.46	384.46
Additions	-	1,621.40	113.54	62.87	144.01	616.54	73.89	133.82	2,766.07	26.62	26.62
Disposals	-	-	-	-	1.15	-	42.30	-	43.45	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2020	1,389.96	3,903.73	298.98	185.83	351.57	997.18	115.98	473.04	7,716.27	411.08	411.08
Additions	-	70.04	-	32.86	8.58	4.69	0.09	83.91	200.16	57.28	57.28
Disposals	-	-	-	-	0.09	-	37.90	32.98	70.97	-	-
Adjustments *	-	551.55	-	-	-	-	-	-	551.55	-	-
at March 31, 2021	1,389.96	3,422.23	298.98	218.69	360.06	1,001.87	78.17	523.97	7,293.92	468.36	468.36
Depreciation											
at April 01, 2019	-	94.94	58.72	75.09	133.86	155.47	68.75	124.56	711.39	270.50	270.50
Charge for the year	-	66.31	4.93	31.64	43.33	56.98	10.75	115.20	329.14	42.94	42.94
Disposals	-	-	-	-	0.58	-	35.16	-	35.74	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2020	-	161.25	63.65	106.73	176.61	212.45	44.34	239.76	1,004.79	313.44	313.44
Charge for the year	-	74.22	7.54	36.70	47.87	78.54	8.79	137.67	391.33	34.12	34.12
Disposals	-	-	-	-	-	-	36.01	-	36.01	-	-
Adjustments *	-	43.75	-	-	-	-	-	-	43.75	-	-
at March 31, 2021	-	191.72	71.19	143.43	224.48	290.99	17.12	377.43	1,316.36	347.56	347.56
Impairment loss											
at April 01, 2019	-	-	126.73	-	2.82	74.95	-	-	204.50	0.91	0.91
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2020	-	-	126.73	-	2.82	74.95	-	-	204.50	0.91	0.91
Charge for the year	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2021	-	-	126.73	-	2.82	74.95	-	-	204.50	0.91	0.91
Net Block											
at March 31, 2020	1389.96	3,742.48	108.60	79.10	172.14	709.78	71.64	233.28	6,506.98	96.73	96.73
at March 31, 2021	1389.96	3,230.51	101.06	75.26	132.76	635.92	61.04	146.54	5,773.06	119.89	119.89

* Note: During the year, an asset with gross block of Rs. 551.55 lakhs and an accumulated depreciation of Rs.43.75 lakhs has been transferred from property, plant & equipment to investment properties.

13 Other Non Financial Assets

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Prepaid expenses	285.82	205.60
Advance to vendors	96.53	-
Asset acquired in satisfaction of debts	396.99	426.44
Others	46.86	59.12
Total	**826.20**	**691.16**

14 Debt securities

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
A. At amortised cost Debentures NIL (March 31, 2020 : 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	-	99.94
NIL (March 31, 2020 : 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	-	5,259.93
350 (March 31, 2020 : NIL) 9.50% Secured, Redeemable, Rated, Taxable Non-convertible Debentures of face value of Rs.1,000,000 each redeemable at the end of 18 months from the deemed date of allotment i.e. January 20, 2022	3,726.78	-
300 (March 31, 2020 : NIL) 9.75% Secured, Redeemable, Rated, Taxable Non-convertible Debentures of face value of Rs.1,000,000 each redeemable at the end of 18 months from the deemed date of allotment i.e. February 28, 2022	3,169.63	-
Bonds Masala Bonds 700 (March 31, 2020 : 700) 11.35% Secured unrated rupee denominated (masala) green bonds for the aggregate nominal value of Rs. 7,000 lakhs due for maturity on March 29, 2024 issued overseas on a private placement basis.	7,003.17	6,998.38
Total	**13,899.58**	**12,358.25**
B. Out of the above		
- Secured under hypothecation of loans receivables	13,899.58	12,358.25
- Unsecured	-	-
Total	**13,899.58**	**12,358.25**
C. Out of the above		
- In India	6,896.41	5,359.87
- Outside India	7,003.17	6,998.38
Total	**13,899.58**	**12,358.25**

Terms of repayment of non-convertible debentures (NCDs) as at March 31, 2021

Original maturity of NCDs	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
On Maturity					
Issued at par and redeemable at par					
1 - 2 years	6,500.00	-	-	-	6,500.00
3 - 4 years	-	3,500.00	3,498.39	-	6,998.39
Interest accrued and impact of EIR	-	-	-	-	**401.20**
Total	**6,500.00**	**3,500.00**	**3,498.39**	-	13,899.59

– Interest rate ranges from 9.50% to 11.35% as at March 31, 2021

Terms of repayment of non-convertible debentures (NCDs) as at March 31, 2021

Original maturity of NCDs	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
Quarterly					
Issued at par and redeemable at par 2 - 3 years	100.00	-	-	-	100.00
On Maturity					
Issued at par and redeemable at par 3 - 4 years	5,290.00	-	-	7,000.00	12,290.00
Interest accrued and impact of EIR	-	-	-	-	(31.75)
Total	5,390.00	-	-	7,000.00	12,358.25

– Interest rate ranges from 10.75% to 11.35% as at March 31, 2021

15 Borrowings (other than debt securities)

(₹. In lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(A) At amortised cost		
Indian rupee loan from banks	37,906.85	34,576.04
Indian rupee loan from financial institutions	5,499.39	6,444.94
Sub-total (A)	**43,406.24**	**41,020.98**
(B) At fair value through profit & loss		
Compulsory Convertible Preference Shares (CCPS)*	10,607.93	10,496.86
Sub-total (B)	**10,607.93**	**10,496.86**
(C) Loans repayable on demand		
Cash credit from banks	4,255.59	18.22
Working capital demand loan	684.87	786.43
Sub-total (C)	**4,940.46**	**804.65**
Total (A+B+C)	**58,954.63**	**52,322.49**
(D) Out of the above		
- Within India	58,954.63	52,322.49
- Outside India	-	-
Total (D)	**58,954.63**	**52,322.49**
(E) Out of the above		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)	58,269.76	51,663.83
- Unsecured	684.87	658.66
Total (E)	**58,954.63**	**52,322.49**

* Fair value of equity shares as at March 31, 2021 approximates the conversion price of CCPS and hence no charge in the current year to the Profit & Loss account.

Terms of repayment of term loans from banks & financial institution & working capital demand loans as at March 31, 2021

(₹. In lakhs)

Original Maturity of loan	due within 1 year		due 1 to 2 years		due 2 to 3 years		due more than 3 years		Total
	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	
Monthly									
upto 1 year	1	290.00	-	-	-	-	-	-	290.00
2 - 3 year	104	4,381.76	81	3,567.95	43	2,175.00	2	104.96	10,229.68
3 - 4 years	47	2,362.68	24	967.53	12	462.51	11	423.95	4,216.67
More than 4 years	211	8,239.71	186	6,573.02	157	5,173.73	137	4,825.44	24,811.90
Quarterly									
3 - 4 years	10	852.56	8	703.34	8	692.79	4	310.00	2,558.69
More than 4 years	12	673.40	8	377.27	3	139.06	-	-	1,189.72
On Maturity									
upto 1 year	6	684.87	-	-	-	-	-	-	684.87
Interest accrued & impact of EIR	-	-	-	-	-	-	-	-	109.56
Total	391	17,484.98	307	12,189.11	223	8,643.10	154	5,664.35	44,091.10

Terms of repayment of term loans from banks & financial institution & working capital demand loans as at March 31, 2021

(₹. In lakhs)

Original Maturity of loan	due within 1 year		due 1 to 2 years		due 2 to 3 years		due more than 3 years		Total
	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	
Monthly									
More than 3 years	339	14,934.69	272	10,947.17	198	6,883.46	168	4,397.28	37,162.60
Quarterly									
More than 3 years	22	1,490.00	19	1,287.03	10	665.00	5	330.00	3,772.03
On Maturity									
upto 1 year	7	786.43	-	-	-	-	-	-	786.43
Interest accrued & impact of EIR	-	-	-	-	-	-	-	-	86.32
Total	**368**	**17,211.12**	**291**	**12,234.20**	**208**	**7,548.46**	**173**	**4,727.28**	**1,807.38**

– Interest rate ranges from 9.50% p.a to 11.50% p.a as at March 31, 2020

16 Sub ordinated liabilities

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
A. At amortised cost		
Non-banking Financial Companies		
250(March31, 2020:250)14.50%Subordinated, Redeemable, Non-Convertible Debentures of facevalue of Rs.1,000,000 each redeemable at par in 5 equal annual instalments of ₹40,000,000each plus 1 instalment of Rs. 50,000,000 on September 30, 2021.	499.28	896.72
Total (A)	**499.28**	**896.72**
B. Out of the above		
- Within India	499.28	896.72
- Outside India	-	-
Total (B)	**499.28**	**896.72**
C. Out of the above		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)	-	-
- Unsecured	499.28	896.72
Total (C)	**499.28**	**896.72**

Terms of repayment as at March 31, 2021

(₹.in lakhs)

Original maturity of sub-ordinated liabilities due within 1 year	due 1 to 2 years	due 2 to 3 years	More than 3 years	Total
Yearly				
Issued at par and redeemable at par More than 5 years	496.72	-	-	496.72
Interest accrued and impact of EIR	-	-	-	2.57
Total	**496.72**	**-**	**-**	**499.28**

– Interest rate 14.50% p.a as at March 31, 2021

Terms of repayment as at March 31, 2020

(₹.in lakhs)

Original maturity of sub-ordinated liabilities	due within 1year	due 1 to 2years	due 2 to 3years	More than 3years	Total
Yearly					
Issued at par and redeemable at par More than 5 years	400.00	500.00	-	-	900.00
Interest accrued and impact of EIR	-	-	-	-	(3.28)
Total	**400.00**	**500.00**	**-**	**-**	**896.72**

Interest rate 14.50% p.a as at March 31, 2020

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

17 Other financial liabilities

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Cash collateral	11,202.61	9,282.89
Unrecognised Fair value gain (Liability)	551.38	441.45
Expenses payable	137.01	79.68
Employee benefits payables	151.78	94.38
Unpaid dividend	3.30	3.30
Payable towards assignment / securitisation transactions	1,290.04	783.52
Advance from customers	787.57	999.92
Payable to customers / borrowers	3,225.34	1,427.36
Insurance premium payable against machine / transit insurance	0.45	0.87
Other financial liabilities	166.38	82.39
Lease Liability	169.36	254.42
Total	**17,685.22**	**13,450.18**

18 Current tax liabilities

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Provision for taxation (net of advance tax Rs. 411.03 lakhs; (PY Rs. 415.75 lakhs))	832.69	546.99

19 Provisions

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Provision for employee benefits		
Provision for gratuity	65.98	46.49
Provision for leave benefits	110.33	83.30
Total	**176.31**	**129.79**

20 Other non financial liabilities

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Statutory dues payable	34.88	120.26
Total	**34.88**	**120.26**

21 Equity share capital

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
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
7,000,000 (Previous year : 7,000,000) preference shares of Rs. 20 each	1,400.00	1,400.00
	4,400.00	**4,400.00**
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

(₹.in lakhs)

Particulars	March 31, 2021		March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the period	2,25,34,645	2,253.46	2,25,34,645	2,253.46
Issued during the period	-	-	-	-
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**

(₹.in lakhs)

Particulars	March 31, 2021		March 31, 2020	
	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%
Mr. Shrikant Raghunath Pophale	14.68	6.51%	14.68	6.51%

e. For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 41.

f. **Proposed dividend**
The final dividend proposed on equity shares for the year is as follows :

(₹.in lakhs)

Particulars	March 31, 2021	March 31, 2020
Face value (Rs.)	10.00	-
Dividend per share (Rs.)	0.55	-
Amount of dividend (Rs. in lakhs)	124.57	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

22 Other equity

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(I) Securities premium account		
Balance as per last financial statements	261.77	261.77
Add: additions on issue of shares during the year	-	-
Less: utilised during the year	-	-
Closing balance	**261.77**	**261.77**
(II) Retained earnings		
Balance as per last financial statements	8,417.99	7,233.19
Profit for the year	2,231.49	1,745.90
Less:		
Appropriations		
Retirement benefit - Actuarial gains / Loss	17.33	(27.77)
Tax impact on above	(4.51)	6.99
Transfer to Statutory Reserve (20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)	446.30	349.18
Dividend and related distribution tax	-	191.14
Closing balance	**10,216.00**	**8,417.99**
Other reserves		
(I) Statutory reserve as required by section 45-IC of Reserve Bank of India Act, 1934		
Balance as per last financial statements	3,167.67	2,818.49
Add: amount transferred from statement of profit and loss	446.30	349.18
Closing balance	**3,613.97**	**3,167.67**
(II) General reserve		
Balance as per last financial statements	2,230.24	2,230.24
Add : Transferred from Revaluation Reserve	-	-
Closing balance	**2,230.24**	**2,230.24**
(III) Capital reserves		
Balance as at the beginning of the year	6.76	6.76
Balance as at the end of the year	**6.76**	**6.76**
(IV) Capital redemption reserve		
Balance as at the beginning of the year	4.89	4.89
Balance as at the end of the year	**4.89**	**4.89**
(V) Employee stock option outstanding		
Balance as per last financial statements	48.89	15.68
Add: compensation of options granted during the year	43.13	33.21
Closing balance	**92.02**	**48.89**
Total	**16,425.65**	**14,138.21**

Nature and purpose of other equity

(i) **Securities premium**

Securities premium is used to record the premium on issue of shares. It can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

(ii) **Retained earnings**

Retained earnings represents the surplus in profit and loss account and appropriations.

The Company recognises change on account of remeasurement of the net defined benefit liability/(asset) as part of retained earnings with separate disclosure, which comprises of:

- actuarial gains and losses
- return on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset); and
- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/(asset).

(iii) **Reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934**

Reserve fund is created as per the terms of section 45-IC(1) of the Reserve Bank of India Act, 1934 as a statutory reserve.

(iv) **General reserve**

Amounts set aside from retained profits as a reserve to be utilised for permissible general purpose as per Law.

(v) **Employee stock option outstanding account**

Employee stock option outstanding account has been created as required by Ind AS 102' Share Based Payments' on the Employee Stock Option Scheme operated by the Company for its employees.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

23 Interest income

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Interest on loans		
Interest income on portfolio loans	15,163.83	15,107.89
Hire purchase charges	5.77	15.88
Total	**15,169.60**	**15,123.77**

24 Fee income

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Other operating revenue		
Prepayment charges	218.23	194.28
Total	**218.23**	**194.28**

25 Gain on derecognition of financial assets

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Gain on derecognition of financial assets	1,180.07	1,710.83
Total	**1,180.07**	**1,710.83**

26 Sale of services

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Income from co-branding arrangement	26.15	52.30
Total	**26.15**	**52.30**

27 Recoveries of financial assets written off

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Recoveries of financial assets written off	27.82	38.53
Total	**27.82**	**38.53**

28 Net gain on fair value changes

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Net Gain on fair value changes	212.87	307.82
Total	**212.87**	**307.82**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

29 Other income

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Infrastructure charges received	127.21	114.38
Interest on margin money deposits	104.07	108.47
Dividend	0.02	0.06
Profit on sale of mutual funds	68.96	7.49
Profit on sale of fixed asset	8.11	4.63
Other non-operating income	77.87	128.74
Total	**386.24**	**363.77**

30 Finance Costs

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Interest		
on term loans from banks (including subordinated loans)	3,791.64	3,916.05
on non convertible debentures (including subordinated debts)	1,947.31	1,897.29
on cash credit from banks	84.33	304.66
on working capital demand loan	140.67	165.71
on cash collateral	827.92	1,299.36
on lease liability	24.71	28.34
on others	135.22	39.87
Bank charges	9.93	7.14
Processing fees	38.00	40.12
Other finance costs	83.16	42.56
Total	**7,082.89**	**7,741.10**

31 Customer loyalty bonus

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Customer loyalty bonus	1,179.00	1,493.33
Total	**1,179.00**	**1,493.33**

32 Impairment on financial instruments

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
On loans	460.70	543.08
Others		
Portfolio loans and other balances written off	533.84	307.75
Total	**994.54**	**850.83**

33 Employee benefit expenses

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Salaries and incentives	3,129.42	3,149.08
Contribution to provident and other funds	176.77	177.23
Staff welfare expenses	34.04	66.32
Employee stock option scheme	43.12	33.21
Total	**3,383.35**	**3,425.84**

34 Other expenses

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Rent, rates and taxes	16.79	43.59
Electricity expenses	42.68	55.91
Insurance	51.39	66.78
Payment to the auditors (refer note below)	28.25	24.96
Legal and professional fees	274.13	276.92
GST expenses	70.22	125.23
Telephone expenses	55.83	61.93
CSR expenditure	55.49	59.65
Business promotion expenses	80.41	113.32
Conference expenses	0.17	43.39
Travelling / conveyance expenses	191.26	276.86
Directors' sitting fees	11.22	12.73
IT expenses	46.33	48.79
Training and recruitment	37.18	62.22
Other balances written off	36.07	22.44
Repair and Maintenance	26.93	15.99
Postage, Printing and Stationary	27.77	44.76
Office Expenses	41.06	52.28
Miscellaneous expenses	64.12	45.60
Total	**1,157.30**	**1,453.35**
Payment Auditor		
As auditor :		
Audit fees	14.50	13.50
Limited review	7.00	7.00
Certification	6.75	3.50
Reimbursement of expenses	-	0.96
Total	**28.25**	**24.96**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

35 Contingent Liabilities and commitments

(₹.in lakhs)

a. Contingent liabilities not provided for in respect of

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Guarantees		
Corporate guarantee to co-branding partner	429.21	400.90
Other amounts for which the Company is contingently liable		
Income tax	107.97	107.97
b. Capital and other commitments		
Other commitments – towards partially or fully disbursed loans *	1,717.29	532.33

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

36 Earnings per share (basic and diluted) :

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable (i.e. after adjusting for interest on the convertible preference shares, net of tax) to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into ordinary equity shares of the Company.

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Net Profit after tax (A)	2,231.49	1,745.90
Net Profit after tax including finance cost in respect of CCPS (B)	2,231.50	1,745.90
Weighted average number of equity shares in calculating Basic EPS (C)	225.35	225.35
Add: Effect of dilution:		
Stock options granted under ESOP	1.17	0.69
Compulsury Convertible Preference shares	63.27	17.93
Weighted average number of equity shares in calculating Diluted EPS (D)	289.79	243.97
Basic EPS (A/C)	**9.90**	**7.75**
Diluted EPS (B/D)	**7.70**	**7.16**

37 Segment information

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of IndAS 108 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.

38 Revenue from contract with customers

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Type of services		
Sale of services	26.15	52.30
Total	**26.15**	**52.30**
Geographical markets		
India	26.15	52.30
Outside India	-	-
Total	**26.15**	**52.30**
Timing of revenue recognition		
Services transferred at a point in time	26.15	52.30
Services transferred over time	-	-
Total	**26.15**	**52.30**

Contract balances

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Receivable from customers under co-branding arrangement	86.72	197.16

*Accounts receivable are recognised when the right to consideration becomes unconditional.

39 Disclosure of transactions with related parties as required by Ind AS 24
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 Electronica Tungsten Limited Electronica Hi-Tech Engineering Private Limited Kashedikar Enterprises Private limited Dharmadhikari Enterprises Private Limited	Fellow Subsidiary
Shilpa S. Pophale - Managing Director Sujit S. Natekar - Director	Key Management Personnel (KMP)
Manisha S. Pophale Shrikant R. Pophale Priya A. Dharmadhikari Harsh S. Natekar Mugdha R. Kaskhediker	Relatives of Key Management Personnel (KMP)
Electronica Hitech Engineering Private Limited Electronica Hitech Machine Tools Private Limited	Enterprises over which KMP & their relatives exercise significant influence

Transactions with Related Party and amounts outstanding as under:

(₹.in lakhs)

Nature of transaction/ Relationship/ Name of related parties	March 31, 2021	March 31, 2020
Key Managerial Personnel		
1. **Shilpa Shrikant Pophale**		
Directors remuneration :		
- Salary & incentives	114.41	140.21
- Long term benefits	-	13.31
Deposit accepted	20.00	60.00
Deposit repaid	271.81	18.58
Interest paid on deposit	11.22	20.10
Account payable	0.18	240.77
2. **Sujit S. Natekar (from 19th Nov, 2019)**		
Deposit accepted	145.31	19.50
Deposit repaid	3.55	0.32
Interest paid on deposit	6.06	1.21
Account payable	171.27	23.46
3. **Shrikant R. Pophale (till 31st Oct, 2019)**		
Directors remuneration		
- Management consultancy fees	-	28.00
4. **Mugdha Rahul Kaskhediker (till 8th July, 2019)**		
Directors remuneration :		
- Salary & incentives	-	3.24

(₹.in lakhs)

Nature of transaction/ Relationship/ Name of related parties	March 31, 2021	March 31, 2020
Relative of Key Management Personnel		
5. Shrikant R. Pophale (from 1st Nov, 2019)		
Management consultancy fees	48.00	20.00
Deposit accepted	182.00	787.55
Deposit repaid	432.36	446.16
Interest paid on deposit	32.09	17.42
Account payable	142.07	360.34
6. Mugdha Rahul Kaskhediker (from 9th July, 2019)		
Salary & incentives	-	8.64
7. Manisha Shrikant Pophale		
Deposit accepted	205.00	10.00
Deposit repaid	47.10	128.91
Interest paid on deposit	4.05	5.67
Account payable	194.16	32.21
8. Harsh S Natekar		
Deposit accepted	170.00	-
Deposit repaid	2.74	-
Interest paid on deposit	7.56	0.17
Account payable	176.70	1.88
9. Rahul S. Kaskhediker		
Deposit repaid	-	8.14
Interest paid on deposit	-	0.31
Holding Company		
10. Mugdha Investment & Finance Pvt. Ltd.		
Deposit repaid	-	25.09
Interest paid on deposit	-	0.65
Enterprises over which KMP & their relatives exercise significant influence		
11. Electronica Hitech Machine Tools Private Limited.		
Rent paid	-	7.94
Rent received	-	12.45
Account receivable	-	9.30
Loans Outstanding	-	0.37
ICD accepted	150.00	-
ICD repaid	153.35	-
Interest paid on ICD	3.35	-
12. Electronica Tungsten Limited		
Rent received	-	1.28
Account receivable	-	2.91
13. Electronica Hitech Engineering Private Limited		
New business loan	63.00	85.00
Interest charged	1.89	8.69
Repayment	44.74	53.28
Loans Outstanding	60.56	40.41
ICD placed	50.00	-
Interest received on ICD	3.36	-
Interest income on ICD	3.95	-
Account receivable	50.59	-

* Transaction values are excluding taxes and duties.

* Related parties as defined under clause 9 of the Ind AS 24 'Related party disclosures' have been identified based on representations made by key managerial personnel and information available with the Company. All above transactions are in the ordinary course of business and on an arms' length basis. All outstanding balances are to be settled in cash and are unsecured.

* Provisions for gratuity, compensated absences and other long term service benefits are made for the Company as a whole and the amounts pertaining to the key managerial personnel are not specifically identified and hence are not included above.

40 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.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Opening Balance	**233.28**	**214.66**
Addition	83.91	133.82
Depreciation	137.67	115.20
Deletion	32.98	-
Closing Balance	**146.54**	**233.28**

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Lease Liability Movement		
Opening Balance	254.43	230.55
Addition during the year	83.90	133.82
Interest on Lease Liability	24.71	23.84
Deletion during the year	38.46	-
Lease rental payments	155.22	133.78
Closing Balance	**169.36**	**254.43**

Future lease cash outflow for all leased assets as at March 31, 2021 :

(₹.in lakhs)

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Lease cash outflow	92.12	91.65	-

Maturity Analysis of Lease Liability as at March 31, 2021 :

(₹.in lakhs)

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Lease Liability	87.42	81.94	-

Lease payments recognised in Profit & Loss (for agreements not considered in Ind AS 116)

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Operating lease payments recognized in the Statement of Profit & Loss	13.59	26.30
Minimum lease obligations (for agreements not considered in Ind AS 116)		
Not later than one year	-	7.32
Later than one year and not later than five years	-	19.66
Later than five years	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Amounts recognised in statement of profit or loss:		
Depreciation expense of right-of-use assets	137.67	115.20
Interest expense on lease liabilities	24.71	23.84
Expense relating to short-term leases	13.59	26.30
Total amount recognised in profit or loss	**175.97**	**165.35**

41 Stock Option Scheme

The Company has provided various share-based payment schemes to its Directors and Employees.

The Board of Directors at its meeting held on January 3 , 2018, approved an issue of stock options aggregating to 80,252 equity shares of the face value of Rs.10 each in a manner provided in the Section 62 (1) (b) and all other applicable provisions ,if any ,of the Companies Act,2013 read with Companies (Share Capital and Debentures) Rules, 2014 and other Rules framed thereunder. The share holders of the Company vide their special resolution passed approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s) on January 3, 2018. The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme.

The Board of Directors at its meeting held on May 28,2019, approved an issue of stock options aggregating to 1,27,970 equity shares of the face value of Rs.10 each in a manner provided in Section 62(1) (b) and all other applicable provisions, if any, of the Companies Act,2013 read with Companies (Share Capital and Debentures) Rules,2014 and other Rules framed thereunder. The share holders of the Company vide their special resolution passed approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme (s) on May 28,2019. The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme.

The Board of Directors at its meeting held on August 24,2020 approved an issue of stock options aggregating to 1,21,785 equity shares of the face value o Rs.10 each in a manner provided in Section 62 (1) (b) and all other applicable provisions, if any, of the Companies Act,2013 read with Companies (Share Capital and Debentures) Rules, 2014 and other Rules framed thereunder. The share holders of the Company vide their special resolution passed approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme (s) on August 24,2020. The Nomination and Remuneration Committee of the Company has approved the grants to select senior level executives of the Company in accordance with te Stock Option Scheme. Out of the approved proposal of 1,21,785 shares only 68,072 were actually granted to the employees The details of grants made as of March 31, 2021, are as given below:

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021			Figures as at the end of previous reporting period ending on March 31,2020	
Grant date	August 24, 2020	May 28, 2019	January 25, 2018	May 28, 2019	January 25, 2018
Exercise price (Rs.)	Rs. 169.38 per option	Rs. 10 per option	Rs. 10 per option	Rs. 10 per option	Rs. 10 per option
Outstanding at the beginning of the year	-	1,25,080	63,122	-	64,334
Options granted	68,072	-	-	1,27,970	-
Options vested and exercisable	-	-	40,154	-	20,830
Options unvested	68,072	1,17,149	20,686	1,27,970	42,292
Options cancelled	-	7,931	2,282	2,890	1,212
Options outstanding	**68,072**	**1,17,149**	**60,840**	**1,25,080**	**63,122**

Grant date	Exercise price (Rs. / option)	Options granted	Options vested and exercisable	Options unvested	Options cancelled	Options outstanding
January 25, 2018	Rs. 10.00	80,252	40,154	20,686	2,282	60,840
May 28, 2019	Rs. 10.00	1,27,970	-	1,17,149	7,931	1,17,149
August 24, 2020	Rs. 169.38	68,072	-	68,072	-	68,072

Weighted average fair value of stock options granted during the year is as follows: (₹.in lakhs)

Particulars	March 31,2021	March 31,2020
Grant date	August 24, 2020	May 28, 2019
Number of options granted	68,072	1,27,970
Weighted average fair value (Rs.)	72.78	66.24

Following table depicts range of exercise prices and weighted average remaining contractual life : **(₹.in lakhs)**

Total for all grants	No. of options	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life
Outstanding at the beginning of the year	1,88,202	10.00	10.00	0.86
Granted during the year	68,072	169.38	169.38	2.40
Cancelled during the year	10,213	10.00	10.00	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	2,46,061	54.09	54.09	1.28
Exercisable at the end of the year	40,154	10.00	10.00	-

- The weighted average exercise price has not been computed as there are no stock options exercised during the period.

Method used for accounting for share based payment plan

The Company has used the fair value method to account for the compensation cost of stock options to employees. The fair value of options used are 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 respective grants are:

Grant date	Risk free interest rate	Expected life	Expected volatility	Dividend yield	Fair value of the underlying share in the market at the time of the option grant (Rs.)
January 25, 2018	7%	4 Years	11%	1.09%	58.97
May 28, 2019	7%	4 Years	15%	1.09%	77.09
August 24, 2020	5%	4 Years	24%	0.27%	169.19

for the year ended March 31, 2021, the Company has accounted expense of Rs. 43.12 lakhs employee benefit expenses (note no. 33) on the aforesaid employee stock option plan (Previous year Rs 33.21 lakhs). The balance in employee stock option outstanding account is Rs. 92.02 lakhs as of March 31, 2020 (Previous year Rs. 48.90 lakhs).

Shares reserved for issue under Employee Stock Option Plan **(₹.in lakhs)**

Sr. No.	Particulars	No. of Stock options/Equity shares
a.	Number of equity shares approved/reserved for issue under Employee Stock Option Plan, 2017 to employees of the Company drawn in accordance with Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and other Rules framed thereunder:	6,76,039
b.	Options granted under the scheme up to March 31, 2021	2,76,294
c.	Options cancelled up to March 31, 2021 and added back to pool for future grants	30,233
d.	Balance available under the scheme for future grants (d=a-b+c)	4,29,978

42 Employee Benefits (Ind AS 19) :

Defined benefits plans

(A) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act,1972. Under the Gratuity Act, an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

Movement in defined benefit obligations : **(₹.in lakhs)**

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Defined benefit obligation as at the opening of the year	221.64	173.22
Current service cost	54.85	26.04
Interest on defined benefit obligation	9.13	8.14
Remeasurements due to:	-	
Actuarial loss/(gain) arising from change in financial assumptions	2.17	1.57
Actuarial loss/(gain) arising from change in demographic assumptions	3.39	9.08
Actuarial loss/(gain) arising on account of experience changes	(11.65)	9.70

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Benefits paid by employer	(16.39)	(5.06)
Benefits paid by fund	(0.08)	(1.05)
Liabilities assumed/(settled)	-	-
Defined benefit obligation as at the end of the year	**263.06**	**221.64**

Movement in plan assets :

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Fair value of the asset as at the beginning of the year	175.15	149.86
Employers contributions	0.46	23.37
Interest on plan assets	10.31	10.38
Actuarial loss/(gain)	11.24	(7.41)
Remeasurements due to:		
Actual return on plan assets less interest on plan asset	-	-
Benefits paid	(0.08)	(1.05)
Assets acquired/(settled)	-	-
Fair value of plan asset as at the end of the year	**197.08**	**175.15**

Reconciliation of net liability/asset :

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Net defined benefit liability/(asset) as at the beginning of the year	46.50	23.36
Expense charged to Statement of Profit and Loss	53.67	23.80
Amount recognised in other comprehensive income	(17.33)	27.76
Employer contributions/payments	(16.85)	(28.42)
Net defined benefit liability/(asset) as at the end of the year	**65.99**	**46.50**

Expenses charged to the Statement of Profit and Loss :

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Current service cost	54.85	26.04
Interest cost	(1.18)	(2.25)

Movement in asset ceiling :

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Value of asset ceiling as at the beginning of the year	-	-
Interest on opening balance of asset ceiling	-	-
Remeasurements due to change in surplus/deficit	-	-
Value of asset ceiling as at the end of the year	**-**	**-**

Remeasurement (gains)/losses in other comprehensive income:

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Opening amount recognised in other comprehensive income	(18.04)	(45.80)
Changes in financial assumptions	2.17	1.57
Changes in demographic assumptions	3.39	9.08
Experience adjustments	(11.65)	9.70
Actual return on plan assets less interest on plan assets	(11.24)	7.41
Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised outside profit or loss in other comprehensive income	(35.37)	(18.04)

Amount recognised in Balance Sheet :

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Present value of Unfunded defined benefit obligation	263.06	221.64
Fair value of plan assets	197.08	175.15
Net funded obligation	65.98	46.49
Amount not recognised due to asset limit	-	-
Present value of Funded defined benefit obligation	-	-
Net defined benefit liability recognised in Balance Sheet	**65.98**	**46.49**

Current/Non-Current Bifurcation

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Current Benefit obligations	82.89	125.01
Non - Current Benefit obligations	180.17	96.63
(Asset)/Liability recognised in the Balance Sheet	**263.06**	**221.64**

Actual Return on Plan Assets

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Interest Income on Plan Assets	10.31	10.38
Remeasurements on Plan Assets	11.24	(7.41)
	21.55	**2.97**

Key actuarial assumptions :

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Economic Assumptions		
Discount rate (p.a.)	5.54%	5.89%
Salary escalation rate (p.a.)	8.90%	8.90%
Expected Rate of Returns on Assets	5.54%	5.89%
Rate of Future Salary increase	8.90%	8.90%
Demographic Assumptions		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 59.94% Non-Sales - 26.09%	Sales - 60.23% Non-Sales - 29.08%
Retirement age	55 years	55 years
Category of plan assets		
Insurer managed funds	100%	100%

The scheme has been funded through a Trust. The Trust has taken a policy from the Bajaj Allianz Life Insurance Co. Ltd.(BALICL) and the fund is under management of the (BALICL).

Sensitivity analysis for significant assumptions is as shown below :

(₹.in lakhs)

Particulars	March 31,2021			March 31,2020		
	Discount rate	Salary escalation rate	Withdrawal rate	Discount rate	Salary Escalation rate	Withdrawal rate
Impact of increase in 100 bps on defined benefit obligation	(3.04)	4.06	(0.70)	(2.54)	3.51	(0.56)
Impact of decrease in 100 bps on defined benefit obligation	4.01	(3.67)	0.78	3.46	(2.99)	0.64

Projected plan cash flow : **(₹.in lakhs)**

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Maturity Profile :		
Expected benefits for year 1	85.16	128.64
Expected benefits for year 2	52.73	62.09
Expected benefits for year 3	39.06	26.63
Expected benefits for year 4	30.07	11.52
Expected benefits for year 5	24.48	5.31
Expected benefits for year 6 and above	78.58	4.07

Expected contribution to fund in the next year: **(₹.in lakhs)**

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Expected contribution to fund in the next year	129.59	101.35

(B) Compensated absences **(₹.in lakhs)**

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Maturity Profile		
Present value of unfunded obligations	110.33	83.29
Expense recognised in the Statement of Profit and Loss	47.08	48.79
Discount rate (p.a.)	5.54%	5.89%
Salary escalation rate (p.a)	8.90%	8.90%

Key actuarial assumptions **(₹.in lakhs)**

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Economic Assumptions		
Discount rate (p.a.)	5.54%	5.89%
Salary escalation rate (p.a.)	8.90%	8.90%
Expected Rate of Returns on Assets	5.54%	5.89%
Demographic Assumptions		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 59.94%	Sales - 60.23%
	Non-Sales - 26.09%	Non-Sales - 29.08%
Leave availment ratio	2.00%	2.00%
Retirement age	55 years	55 years

To estimate liabilities towards availment, an assumption towards leave availment is needed. It is assumed that 2% leaves out of opening balance will be availed during the year (in addition to accrual of leaves during the financial year).

43 Events after reporting date

There have been no events after the reporting date that require adjustment/disclosure in these financial statements.

44 Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. This note describes the fair value measurement of both financial and non-financial instruments.

Valuation framework

The Company will assess the fair values for assets qualifying for fair valuation.

The Company's valuation framework includes:

1. Benchmarking prices against observable market prices or other independent sources;
2. Development and validation of fair valuation models using model logic, inputs, outputs and adjustments.

   These valuation models are subject to a process of due diligence and validation before they become operational and are continuously calibrated. These models are subject to approvals by various functions.

Valuation methodologies adopted

Fair values of financial assets, other than those which are subsequently measured at amortised cost, have been arrived at as under:

* Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note no. 45) using quoted market prices of the underlying instruments;

  The Company has determined that the carrying values of cash and cash equivalents, bank balances, trade receivables, short term loans, floating rate loans, trade payables, short term debts, borrowings, bank overdrafts and other current liabilities are a reasonable approximation of their fair value and hence their carrying value are deemed to be fair value.

45 Fair value hierarchy

The Company determines fair values of its financial instruments according to the following hierarchy:

Level 1: valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the Company can access at the measurement date.

Level 2: valuation based on using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs:- financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Equity investments designated under FVOCI has been valued using discounted cash flow method.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2021 : **(₹.in lakhs)**

Particulars	Fair value measurement using				
	Date of valuation	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Investments	March 31, 2021	6.40	11.71	-	18.11
Financial liabilities					
Compulsory Convertible Preference Shares (CCPS)	March 31, 2021	-	-	10,607.93	10,607.93

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2021 : **(₹.in lakhs)**

Particulars	Fair value measurement using				
	Date of valuation	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Investments	March 31, 2020	1.18	-	11.71	12.89
Financial liabilities					
Compulsory Convertible Preference Shares (CCPS)	March 31, 2020	-	-	10,496.86	10,496.86

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

The following table presents the changes in level 3 financial assets for the periods :

(₹.in lakhs)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Opening balance	11.71	11.57
Acquisitions during the year	-	0.14
Disposals during the year	-	-
"Fair value gains/losses recognised inprofit or loss	-	-
Gains / (losses) recognised in other comprehensive income	-	-
Closing balance	11.71	11.71

Fair value of financial instruments not measured at fair value as at March 31, 2021 :

(₹.in lakhs)

Particulars	Fair value measurement using				
	Carrying value	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Cash and cash equivalents	2,402.14	2,402.14	-	-	2402.14
Bank balances other than cash & cash equivalents	1,404.20	1,404.20	-	-	1,404.20
Loans	97,458.86	-		96,541.59	96,541.59
Other financial assets	936.10	-	-	936.10	936.10
Financial Liabilities					
Debt securities	13,899.58	-	-	12,087.00	12,087.00
Borrowings (Other than debt securities)	48,346.70	-	-	43,104.38	43,104.38
Sub ordinated liabilities	499.28	-	-	475.16	475.16
Other financial liabilities	17,685.22	-	-	17,685.22	17,685.22

Fair value of financial instruments not measured at fair value as at March 31, 2021 :

(₹.in lakhs)

Particulars	Fair value measurement using				
	Carrying value	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Cash and cash equivalents	5,430.25	5,430.25	-	-	5,430.25
Bank balances other than cash & cash equivalents	1,393.24	1,393.24	-	-	1,393.24
Loans	80,269.27	-	-	79,849.91	79,849.91
Other financial assets	742,.54	-	-	742.54	742.54
Financial Liabilities					
Debt securities	12,358.25	-	-	12,694.78	12,694.78
Borrowings (Other than debt securities)	41,825.63	-	-	42,264.08	42,264.08
Sub ordinated liabilities	896.72	-	-	949.18	949.18
Other financial liabilities	13,450.18	-	-	13,450.18	13,450.18

Valuation technique used

- Assets measured at fair value on a recurring basis - Loans

  The scheduled future cash flows (including principal and interest) are discounted using the lending rate prevailing as at the Balance sheet date. The discounting factor is applied assuming the cash flows will be evenly received in a month.

- For Investment in Equity Instruments

  For Investments in equity instruments and liquid/debt mutual funds, the company has assessed the carrying value as an approximation of the fair value.

- Financial liabilities measured at amortised cost - Borrowings

  The fair value of fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rate being charged for new borrowings. The fair value of floating rate borrowing is deemed to equal its carrying value.

  There have been no transfer between Level 1, 2 and 3 during the year ended March 31, 2021 and March 31, 2020.

46 Capital management

Objective

The Company's objective is to maintain appropriate levels of capital to support its business strategy taking into account the regulatory, economic and commercial environment.

The Company aims to maintain a strong capital base to support the risks inherent to its business and growth strategies. The Company endeavours to maintain a higher capital base than the mandated regulatory capital at all times.

Planning

The Company's assessment of capital requirement is aligned to its planned growth which forms part of an annual operating plan which is approved by the Board and also a long range strategy. These growth plans are aligned to assessment of risks– which include credit, liquidity and interest rate.

The Company monitors its capital to risk-weighted assets ratio (CRAR) through its Assets Liability Management Committee (ALCO).

The Company endeavours to maintain its CRAR higher than the mandated regulatory norm. Accordingly, increase in capital is planned well in advance to ensure adequate funding for its growth.

(I) Regulatory capital

(₹.in lakhs)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Tier I capital	24,515.65	22,823.20
Tier II capital	962.01	1,490.54
Total	**25,477.66**	**24,313.74**
Risk weighted assets (RWA)	1,05,004.57	88,431.78
Tier I CRAR	23.23%	25.73%
Tier II CRAR	0.91%	1.68%

Note 1: The Compulsory Convertible Preference Shares (CCPS) issued by the Company to ESF Holdings, a private equity investor, has been reported as part of 'Borrowings (other than debt securities)' as it meets the criteria specified in definition of financial liability under Ind AS 32. However, the same has been included as Tier-1 Capital for calculation of CRAR as per RBI guidelines.

(ii) Dividend distributions made and proposed

Dividends on equity shares declared and paid during the year

(₹.in lakhs)

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Declared and paid during the year	-	191.14
Dividends on ordinary shares:		
Final dividend for 2020: 0.00 per share (2019: 0.70 per share)	-	191.14
Total dividends paid	**-**	**191.14**
Proposed for approval as Annual General Meeting (not recognised as a liability as at March 31, 2021)	124.57	-
Dividends on ordinary shares:		
Final dividend for 2020: 0.00 per share (2019: 0.70 per share)	-	191.14

Proposed for approval at the annual general meeting (not recognised as a liability as at March 31, 2021) **(₹.in lakhs)**

Particulars	for the year ended March 31, 2021	for the year ended March 31, 2020
Dividend on equity shares at Rs. 0.55 per share (a)	124.57	-
Profit after tax for the year ended 31 March 2021 (b)	2,231.49	-
Dividend proposed as a percentage of profit after tax (a/b)	5.58%	-

47 Details of CSR expenses: (₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
a) Gross amount required to be spent by the Company during the year	50.20	53.61
b) Amount spent during the year on purposes other than construction/acquisition of any asset : Amount Spent	50.49	54.69
c) Yet to be spent / (excess spent)	(0.29)	(1.08)

48 Risk management objectives and policies

Risk Management Framework

A summary of the major risks faced by the Company, its measurement monitoring and management are described as under:

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
Liquidity & funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises : *whenlongtermassetscannotbefundedattheexpectedtermresulting in cashflow mismatches; *amidstvolatilemarketconditionsimpactingsourcingof funds from banks.	Board appointed Asset Liability Management Committee (ALCO)	Liquidity and funding risk is: * measured by identifying gaps in the structural and dynamic liquidity statements. * monitored by - assessment of the gap between visibility off undsand the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. - a constant calibration of sources offunds in line with emerging market conditions in banking markets. - periodic reviews by ALCO relating to the liquidity position and stress tests assuming varied' whatif' scenarios and comparing probable gaps with the liquidity buffers maintained by the Company. - managed by the Company's treasury team under the guidance of ALCO.
Interest rate risk	Interestrateriskstemsfrommovementsinmarketfactorssuchasinterestrates,creditspreadswhichimpactsinvestments,incomeandthevalue of portfolios.	Board appointed Asset Liability Management Committee (ALCO)	Interest rate risk is: *measure dusing Valuation at Risk('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income. *monitoredbyassessmentofprobableimpactsofinterestratesensitivitiesundersimulatedstresstestscenariosgivenrangeofprobableinterestrtemovements onboth fixed and floating assets and liabilities. * managed by the Company's treasury team under the guidance of ALCO.
Credit risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failingtomeet theirre payment obligations to the Company.	Board appointed Risk Management Committee.	Credit risk is : *measuredastheamountatriskduetorepaymentdefaultofacustomerorcounterpartytotheCompany.VariousmatricssuchasEMIdefaultrate,overduepositi on,collectionefficiency,customersnonperforming loansetc.areusedasleading indicators to assess credit risk. *monitoredbyRiskManagementCommitteeusinglevelofcreditexposures,portfoliomonitoring ,repurchaserate,bureaudataofportfolioperformanceandindustry, geographic, customer and portfolio concentration risks.

Nature of risk	Arising from	Executive governance structure	Measurement, monitoring and management of risk
			*managedbyarobustcontrolframeworkbytherisk departmentwhichcontinuouslyaligncreditpoli cies,obtainingexternaldatafromcreditbureau sandreviewsofportfoliosanddelinquencies.Th esameisperiodicallyreviewedbytheBoardapp ointed Risk Management Committee.

Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure that there are no imbalances or excessive concentrations on either side of the Balance Sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, the Company maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company maintains a judicious mix of borrowings from banks and other financial institutions. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company maintain a healthy asset liability position and contain interest rate movements during the financial year 2020-21. The weighted average cost of borrowing reduced by 70 bps despite liquidity crunch and volatile market conditions.
are used as leading indicators to assess credit risk.

The table below summarises the maturity profile of the undiscounted cashflow of the Company's financial liabilities and financial assets :

(₹.in lakhs)

Particulars	as at March 31,2021			as at March 31,2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Debt securities	6,965.07	9,184.99	16,150.06	6,599.79	9,781.82	16,381.61
Borrowings (Other than debt securities)	24,667.01	39,271.37	63,938.38	21,003.68	37,628.67	58,632.35
Sub ordinated liabilities	572.70	-	572.70	530.50	536.35	1,066.85
Other financial liabilities	6,801.09	10,884.13	17,685.22	5,434.25	8,015.93	13,450.18
Financial Assets						
Loans	37,043.85	59,883.67	96,927.51	44,600.36	66,400.09	1,11,000.45
Cash and cash equivalents	2,402.14	-	2,402.14	5,430.25	-	5,430.25
Bank balances other than cash & cash equivalents	794.53	609.67	1404.20	718.10	675.14	1,393.24
Investments	-	18.11	18.11	-	12.89	12.89
Other financial assets	707.46	228.64	936.10	485.31	257.23	742.54

Note : Figures of the previous year are based on the contractual cash flows after considering the effects of moratorium granted till March 31, 2020. The effects of moratorium granted and received post March 31, 2020 were not considered in the above cash flows.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

The table below shows an analysis of assets and liabilities analysed (maturity analysis) according to when they are to be recovered or settled.

(₹.in lakhs)

Particulars	as at March 31,2021			as at March 31,2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	2,402.14	-	2,402.14	5,430.25	-	5,430.25
Bank balances other than cash & cash equivalents	794.52	609.67	1404.20	718.10	675.14	1,393.24
Loans	36,656.27	60,802.59	97,458.86	32,138.73	48,130.54	80,269.27
Investments	-	18.11	18.11	-	12.89	12.89
Other financial assets	707.46	228.64	936.10	485.31	257.23	742.54
Non financial assets						
Current tax assets	-	211.16	211.16	-	116.80	116.80
Deferred tax assets (Net)	-	892.89	892.89	-	743.04	743.04
Investment property	-	622.49	622.49	-	116.85	116.85
Property, plant and equipment	-	5,773.06	5,773.06	-	6,506.98	6,506.98
Intangible assets	-	119.89	119.89	-	96.73	96.73
Capital work in progress	-	96.60	96.60	-	96.60	96.60
Other non financial assets	826.20	-	826.20	691.16	-	691.16
Total Assets	**41,386.60**	**69,375.10**	**1,10,761.70**	**39,463.55**	**56,752.80**	**96,216.35**
LIABILITIES AND EQUITY						
Liabilities						
Financial Liabilities						
Debt securities	6,901.20	6,998.38	13,899.58	5,358.25	7,000.00	12,358.25
Borrowings (Other than debt securities)	21,850.14	37,104.49	58,954.63	17,315.66	35,006.83	52,322.49
Sub ordinated liabilities	499.28	-	499.28	396.72	500.00	896.72
Other financial liabilities	6,801.09	10,884.13	17,685.22	5,434.25	8,015.93	3,450.18
Non financial liabilities						
Current tax liabilities	832.69	-	832.69	546.99	-	546.99
Provisions	176.31	-	176.31	129.79	-	129.79
Other non financial liabilities	34.88	-	34.88	120.26	-	120.26
Equity						
Equity share capital	-	2,253.46	2,253.46	-	2,253.46	2,253.46
Other equity	-	16,425.65	16,425.65	-	14,138.21	14,138.21
Total Equity & liabilities	**37,095.59**	**73,666.12**	**1,10,761.71**	**29,301.92**	**66,914.44**	**96,216.35**

Market risk

Market risk is the risk that the fair value of future cash flow of financial instruments will fluctuate due to changes in the market variables such as intrestrates, forign exchange rates and equity prices. The Company do not have any exposure to foreign exchange rate and equity price risk

Interest rate risk

On Investments

Sensitivity analysis

(₹.in lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
March 31, 2021	18.11	18.29	17.93
March 31, 2020	12.89	13.02	12.76

On assets and liabilities

Interest rate sensitivity on fixed and floating rate assets and liabilities with differing maturity profiles is measured quarterly assuming varied changes in interest rates are presented and monitored by ALCO.

(₹.in lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
Loans	96,541.59	95,283.93	97,831.13
Investment properties	747.79	606.27	939.54
Debt securities	12,087.00	11,927.69	12,250.82
Borrowings (Other than debt securities)	53,712.31	53,226.19	54,213.16
Cash Collateral	11,753.99	11,499.85	11,765.90
Sub ordinated liabilities	475.16	473.38	476.97

Sensitivity analysis as at March 31, 2021 :

(₹.in lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
Loans	96,541.59	95,283.93	97,831.13
Loans	79,849.91	78,890.58	80,831.98
Investment properties	172.15	138.00	217.34
Debt securities	12,694.78	12,424.68	12,976.00
Borrowings (Other than debt securities)	52,760.94	52,744.12	52,778.23
Cash Collateral	9,724.34	9,472.59	9,702.50
Sub ordinated liabilities	949.18	939.20	959.37

Credit risk

Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company.

The compnay assesses the risk of loss on realisation in case of Stage 3 loans based on the underlying assets funded or helf as collateral security which are classified into three categories as under :

a. Standard & Secured,
b. Partly secured
c. Unsecured

The Company assesses the credit quality of all financial instruments that are subject to credit risk. However the computation of Probability of defaults has been derived on overall behaviour of borrowers account without segregation of categorization as above.

Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

Stage 1 : When loans are first recognised, the Company recognises an allowance based on 12M-ECL. Such loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2 : When a loan has shown a significant increase in credit risk since origination, the company records an allowance applicable to Lifetime ECL.

Stage 3 : Loans considered credit-impaired (as outlined in note above). The Company records an allowance as applicable for the LT-ECL.

Definition of Default (Asset becomes credit impaired - Stage III)

A default is considered to have occurred with regard to a particular obligor when one or more of the following events has taken place.

(a) It is determined that the obligor is unlikely to pay its debt obligations (principal, interest, or fees) in full
(b) A credit loss event associated with any obligation of the obligor, such as a charge-off, specific provision, or distressed restructuring involving the forgiveness or postponement of principal, interest, or fees; or
(c) The obligor is past due more than 90 days on any credit obligation; or
(d) The obligor has filed for bankruptcy or similar protection from creditors.
(e) Any of the hypothecated assets has been repossessed

In line with the internal credit risk management and regulatory requirements the default is defined as any loans/advance remaining overdue for more than 90 days due to non-payment of installment and or interest

Significant increase in Credit Risk (Stage II)

Under the classification requirement for loans and advances under Ind-AS, a case has to have classified under Stage 2 where there is a significant increase in credit risk demonstrated by non-payment of installment and or interest by the counter party.

In line with existing portfolio performance and experience and definition set forth by RBI guidelines, EFL shall classify portfolio which is more that 30 days past due as Stage 2.

Computation of Expected Credit Losses (ECL)

ECL is a product of PD % X LGD % X EAD

For Stage 1 (DPD Bucket 0 & 1) - 12-month average PD% x LGD% x EAD of Stage 1 portfolio

For Stage 2 (DPD Bucket 2 & 3) - Lifetime PD% x LGD% x EAD of Stage 2 portfolio

For Stage 3 (DPD 4 and above) - PD 100% X LGD% X EAD of Stage 3 portfolio

The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant:

as at March 31, 2021 **(₹.in lakhs)**

Lending verticals	Nature of business	PD			LGD
		Stage 1	Stage 2	Stage 3	
Standard and secured	Financing for products such as new plant and machinery / property	0.92%	37.50%		48.64%
Partly secured	Financing for products such as old plant and machinery and top up loans / hypothecation of book debts	2.41%	39.72%	100%	64.05%
Unsecured	Financing for products such as working capital, bill discounting, unsecured business loans and other plant and machinery not classified as secured.	2.44%	70.71%		76.43%

The table below summarises the approach adopted by the Company for various components of ECL viz. PD, EAD and LGD across product lines using emperical data where relevant:

as at March 31, 2021 **(₹.in lakhs)**

Lending verticals	Nature of business	PD			LGD
		Stage 1	Stage 2	Stage 3	
Standard and secured	Financing for products such as new plant and machinery / property				29.73%
Partly secured	Financing for products such as old plant and machinery and top up loans / hypothecation of book debts	1.40%	28.01%	100%	65.55%
Unsecured	Financing for products such as working capital, bill discounting, unsecured business loans and other plant and machinery not classified as secured.				76.43%

"Note : Above tables includes COVID-19 overlay which has been computed as below.

Overlay estimated by stressing of existing probability of default ('PD') and loss given default ('LGD') factor.

- PD increased by 5%/ 10% for Stage 1 and Stage 2 respectively
- Realisable value of security reduced by 5% for standard & secured & 10% for partially secured & unsecured for stressing LGD"

The table below summarises the gross carrying values and the associated allowances for expected credit loss (ECL) stage wise for loan portfolio:

as at March 31, 2021 **(₹.in lakhs)**

Particulars	Secured			Partially secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	83,084.91	1,610.68	1,747.18	8,814.55	670.65	688.23	2893.47	58.40	392.04
Allowance for ECL	358.00	176.43	849.76	133.57	170.64	440.84	53.00	19.39	299.65
ECL coverage ratio	0.43%	10.95%	48.64%	1.52%	25.44%	64.05%	1.83%	33.20%	76.43%

(₹.in lakhs)

Particulars	Secured			Partially secured			Unsecured		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	61,917.81	568.95	1,937.61	10,868.45	22.46	265.51	5,563.19	261.78	904.09
Allowance for ECL	266.55	50.62	534.13	102.02	4.27	159.25	78.68	52.55	792.51
ECL coverage ratio	0.43%	8.90%	27.57%	0.94%	19.00%	59.98%	1.41%	20.07%	87.66%

Primary and Collateral Securities

"The nature of products across these broad categories are either unsecured or secured. Secured products are secured by hypothecation of primary security (for purchase of which the loan was granted) and it may be additionally secured by hypothecation of a collateral security. Although the primary security and collateral are important risk mitigating factors for credit risk, it is ensured that lending decisions are taken based on the assessment of the customer's ability to repay, preparedness to generate sufficient cash flows and intention to repay which is assessed based on previous track records.

Based on the nature of product and the Company's assessment of the customer's credit risk, the borrower may be mandated to secured the loan by offering suitable collateral security. Depending on its quantum and form, collateral security can have a significant financial impact on mitigating the credit risk

In addition to the primary security, the main types of collateral across various products."

Product group	Nature of securities
Machinery Term Loans	Mortgage of Property, Assignment of Insurance Policies, Charge continuation on machinery financed / purchased earlier.
Industrial Property Loans	Additional mortgage of existing property. Assignment of Insurance Policies
Emerging Enterprise Loans	Additional mortgage of existing property. Assignment of Insurance Policies
Business Loans	Hypothecation of earlier financed machinery, Property mortgage.
Working Capital loans	Hypothecation of earlier financed machinery, Stock & book debts.
MFI and Institution Lending	Hypothecation of book debts.

"The Company periodically monitors the market value of primary and collateral securities and compares its exposure to arrive at loan to value metrics for high risk customers.

Analysis of Concentration Risk

The Company continues to grow its product offerings by expanding its geographic reach in order to reduce geographic concentrations while continually calibrating its product mix across its six categories of lending mentioned above.

Measurement uncertainty and sensitivity analysis of ECL estimates

Expected credit loss impairment loss allowances recognised in the financial statements reflect the effect of a range of possible economic outcomes, calculated on a probability-weighted basis, based on the economic scenarios described below. The recognition and measurement of ECL involves the use of estimation. It is necessary to formulate multiple forward-looking economic forecasts and its impact as an integral part of ECL model.

ECL sensitivity to future economic conditions

Expected credit loss impairment allowances recognised in the financial statements reflect the estaimations used in computation of its input vairables i.e. PD and LGD percentages.

The following table summarises the impact on the Expected Credit Loss (ECL) at the end of the reporting period arising on due to changes in PD % and LGD%.

(₹.in lakhs)

Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
Gross carrying amount of loans	99,960.13	82,309.84
Reported ECL	2,501.27	2,040.57
Reported ECL coverage	2.50%	2.48%
ECL amount for alternate situations		
Central scenario	2,501.27	2,040.57
Downside scenario (-5%)	2,626.33	2,142.60
Upside scenario (+5%)	2,376.21	1,938.54
ECL coverage ratios by scenarios		
Central scenario	2.50%	2.48%
Downside scenario (-5%)	2.63%	2.60%
Upside scenario (+5%)	2.38%	2.36%

49 COVID 19 Impact

COVID-19 virus, a global pandemic has affected the world economy including India. Consequent to the outbreak of COVID – 19 pandemic, the Indian Government had announced a lockdown in March 2020. Subsequently, the lockdown had been lifted by the Government in a phased manner . While there has been improvements in the economic activities from the second half of the year, but with emergence of second wave of COVID-19, its impact on Company's performance remain uncertain and will depend on ongoing and future development.

In assessing the recoverability of loans to customers, the Company has used its assessment of recoverability along with an estimation of potential stress on probability of default and exposure at default due to Covid-19 situation in developing the estimates and assumptions to assess the impairment loss allowance on Loans. Accordingly, the Company has recognized an additional impairment on loans of Rs. 185.45 lakhs (PY: Rs. 166 lakhs).

The Company has assessed the impact of the COVID-19 pandemic on its liquidity position and ability to repay its obligations as and when they are due. In addition, management has considered various stimulus packages announced by the Government of India which will directly or indirectly benefit NBFCs and also its MSME borrowers and various other financial support from other banks and financial institutions in determining the Company's liquidity position over the next 12 months from the end of reporting period. Based on the foregoing and necessary stress tests, management believes that the Company will be able to fulfil its obligation during the said period

50. The Indian Parliament has approved the Code on Social Security, 2020 which subsumes the Provident Fund and the Gratuity Act and rules thereunder. The Ministry of Labour and Employment has also released draft rules thereunder on 13 November 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will evaluate the rules, assess the impact, if any, and account for the same once the rules are notified and become effective.

51. As required under section 203 of the Companies Act, 2013, the Company is in the process of appointing a Chief Financial Officer in place of Mr. Mayank Thatte, who resigned from the position of Chief Financial Officer (CFO) of the Company with effect from the closing hours of May 15, 2021.

52 Additional disclosures as required by RBI

As required by RBI Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 ('the NBFC Master Directions')

a. Capital to Risk Assets Ratio ('CRAR')"

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(I)	CRAR (%)	24.15%	27.16%
(ii)	CRAR – Tier I Capital (%)	23.23%	26.12%
(iii)	CRAR – Tier II Capital (%)	0.91%	1.04%
(iv)	Amount of subordinated debt raised as Tier II Capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

Note 1: The Compulsory Convertible Preference Shares (CCPS) issued by the Company to ESF Holdings, a private equity investor, has been reported as part of 'Borrowings (other than debt securities)' as it meets the criteria specified in definition of financial liability under Ind AS 32. However, the same has been included as Tier-1 Capital for calculation of CRAR as per RBI guideline

b. Investments

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
1)	**Value of Investment**		
(I)	Gross value of Investments	18.11	12.89
	(a) In India	18.11	12.89
	(b) Outside India	-	-
(ii)	Provision for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments	18.11	12.89
	(a) In India	18.11	12.89
	(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, 2021 (March 31, 2020: NIL).

d. Disclosures relating to Securitization

During the year the Company has not sold any loans through securitization. The information on securitization activity of the Company as an originator is as shown below:

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
1	Total number of loans securitized	-	118
2	Total book value of loans securitized	-	2,653.15
3	Total book value of loans securitised including loans placed as collateral	-	2,653.15
4	Sale consideration received for loans securitised	-	2,653.15
5	Excess interest spread recognised in the statement of profit and loss	-	-
6	Credit enhancements provided and outstanding (Gross):	-	280.56
	- Interest subordination	-	-
	- Principal subordination	-	-
	- Cash collateral	-	280.56

Position of outstanding balances is as under: (₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
1	No. of SPVs sponsored by the NBFC for securitization transaction #	2	2
2	Total amount of securitized assets as per books of the SPVs	2,687.43	5,656.73
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	1,103.57	1,106.15
	a) Off-balance sheet exposures	-	-
	* First Loss	-	-
	* Others	-	-
	b) On-balance sheet exposures	1,103.57	1,106.15
	* First Loss	1,103.57	1,106.15
	* Others	-	-
4	Amount of exposures to securitization transaction other than MRR	-	-
	a) Off-balance sheet exposures	-	-
	(i) Exposure to own securitizations	-	-
	* First Loss	-	-
	* Others	-	-
	(ii) Exposure to third party securitizations	-	-
	* First Loss	-	-
	* Others	-	-
	b) On-balance sheet exposures	-	-
	(i) Exposure to own securitizations	-	-
	* First Loss	-	-
	* Others	-	-
	(ii) Exposure to third party securitizations	-	-
	* 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	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(I)	No. of accounts	584	836
(ii)	Aggregate value (net of provisions) of accounts sold	12,487.63	16,620.01
(iii)	Aggregate consideration *	12,487.63	16,620.01
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss over net book value	-	-

* Note : The impact of future excess interest spread has not been considered for the purpose of this disclosure.

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, 2021

(₹.in lakhs)

Sr. No.	Particulars	0 day to 7days	8 days to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2months up to 3months	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
1	Advances#	579.59	1,513.10	660.43	2,978.25	3,001.05	8,810.51	19,113.33	45,145.70	12,126.65	3,530.25	97,458.86
2	Deposits	-	-	-	-	-	50.00	-	-	-	-	50.00
3	Investments	-	-	-	-	-	-	-	-	-	18.11	18.11
4	Borrowings*	703.34	390.42	866.46	1,332.73	1,522.76	6,065.20	18,391.50	27,854.31	5,618.84	-	62,745.56

#net-off cash collateral and security deposit taken from borrower.
*includes cash credit facilities secured against hypothecation of book debts, but does not include CCPS.

Maturity pattern of certain items of assets and liabilities as on March 31, 2020

(₹.in lakhs)

Sr. No.	Particulars	0 day to 7days	8 days to 14 days	15 days to 30/31 days	Over 1 month up to 2 months	Over 2months up to 3months	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
1	Advances#	592.63	1,631.37	954.63	3,139.20	3,121.36	8,565.38	14,134.16	37,193.09	8,712.97	2,224.48	80,269.27
2	Investments	-	-	-	-	-	-	-	-	-	12.89	12.89
3	Borrowings*	579.09	51.86	1,092.98	1,116.34	1,482.08	4,086.50	14,950.97	20,866.78	10,853.95	-	55,080.57

#net-off cash collateral and security deposit taken from borrower
*includes cash credit facilities secured against hypothecation of book debts, but does not include CCPS.

Note: Figures for the previous year are based on the contractual cash flows after considering the effects of moratorium granted till March31,2020.Theeffectsofmoratoriumgranteand received post March 31, 2020 were not considered in the above cash flows.

I. Exposures

Exposure to real estate sector, both direct & indirect (₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
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, multifamily residential buil dings, Multi-tenanted com mercial premises industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits;	9,727.46	12,582.63
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b)	**Indirect Exposure** Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

Exposure to Capital Market

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(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;	18.11	12.89
(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 ofshares 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 & unregistered).	-	-
	Total Exposure to Capital Market 18.11 12.89	**18.11**	**12.89**

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 no. 6

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)

Sr. No.	Name of the rating agency	Instrument	Date of rating	Rating assigned	Valid up to	Rating limit
1	India Rating and Research Pvt. Ltd.	Bank Lines	April 27, 2020	IND A-/Stable	April 26, 2021	67,500.00
2	India Ratings & Research Pvt. Ltd.	NCD	July 09, 2020	IND A-/Stable	April 26, 2021	3,500.00
3	India Ratings & Research Pvt. Ltd.	NCD	August 21, 2020	IND A-/Stable	April 26, 2021	3,000.00
4	Acuite Ratings & Research	Bank Lines	February 05, 2020	ACUITE A	October 21, 2021	4,336.00
5	Acuite Ratings & Research	Bank Lines	February 05, 2020	ACUITE A2+	October 21,2020	300.00
6	ICRA Limited	NCD	August 07, 2020	[ICRA]BBB+(Stable)	August 06, 2021	5,300.00
7	ICRA Limited	Sub Debt	August 07, 2020	[ICRA]BBB+(Stable)	August 06,2021	2,500.0

p. Provisions and Contingencies

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
1	Provisions for depreciation on Investment	-	-
2	Provision towards Stage 3 Assets	104.36	429.25
3	Provision made towards Income Tax	919.18	698.24
4	Provision made towards Prior Year Tax	-	-
5	Provision for Stage 1 & Stage 2 Assets	356.34	113.83
6	Provision for leave benefits	47.08	48.79
7	Provision for gratuity	53.21	23.80
8	Provision towards depreciation in immovable properties held for sale		
9	Provision for Impairment loss on PPE	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

q. Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2021 (previous year: Nil).

r. Concentration of Deposits, Advances, Exposures and Stage 3 Assets

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
1	**Concentration of Advances**		
	Total advances to twenty largest borrowers	7,124.34	8,056.59
	(%) of advances to twenty largest borrowers to total advances	7.13%	9.79%
2	**Concentration of Exposures**		
	Total exposure to twenty largest borrowers/customers	7,124.34	8,056.59
	(%) of exposure to twenty largest borrowers/customers to total exposure	7.13%	9.74%
3	**Concentration of Stage 3 Assets**		
	Total exposure to top four Stage 3 accounts	1,065.56	667.07

s. Sector-wise Stage 3 Assets

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
1	Agriculture & allied activities	-	-
2	MSME	2.65%	4.63%
3	Corporate borrowers	6.27%	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	
7	Other personal loans	3.50%	0.46%

t. Movement of Stage 3 Assets

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(I)	**Net Stage 3 Assets to Net Advances (%)**	1.27%	2.02%
(ii)	**Movement of Stage 3 Assets (Gross)**		
	a. Opening balance	3,107.20	2,128.89
	b. Additions during the year	1,236.50	1,863.19
	c. Reductions during the year	(1,516.24)	(884.88)
	d. Closing balance	2,827.46	3,107.20
(iii)	**Movement of Net Stage 3 Assets**		
	a. Opening balance	1,621.31	1,072.25
	b. Additions during the year	525.46	1,084.63
	c. Reductions during the year	(909.57)	(535.57)
	d. Closing balance	1,237.21	1,621.31
(iv)	**Movement of provisions for Stage 3 Assets (excluding provisions on Stage 1 & Stage 2 Assets)**		
	a. Opening balance	1,485.89	1,056.64
	b. Provisions made during the year	711.04	778.56
	c. Write-off/write-back of excess provisions	(606.68)	(349.31)
	d. Closing balance	1,590.25	1,485.89

u. Disclosure of Complaints

(₹.in lakhs)

Sr. No.	Particulars	Figures as at the end of current reporting period ending on March 31,2021	Figures as at the end of previous reporting period ending on March 31,2020
(I)	No. of complaints pending at the beginning of the year	-	-
(ii)	No. of complaints received during the year	7	7
(iii)	No. of complaints redressed during the year	7	7
(iv)	No. of complaints pending at the end of the year	-	-

v. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2020: Nil).

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

RBI vide its circular 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' dated January 01, 2019 and Resolution Framework for COVID 19 - related Stress' dated August 06, 2020,allowed Lending Institutions to restructure the debt,subject to certain conditions, provided the borrower’s account was classified as standard with the lender as on March 01, 2020.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

The Company has extended restructuring relief to 23 loans of eligible borrowers with an outstanding amount of Rs. 911.15 lakhs as on March 31, 2021 under guidelines issued by RBI and as per Restructuring policy approved by Board of Directors, as mentioned in the table below -

(₹.in lakhs)

Sr.No.	Type of Restructuring Asset Classification	Other				
		Standard	Sub-Standard	Doubtful	Loss	Total
1	**Restructured Accounts as on April 01, 2020**					
	a. No. of borrowers	3	13	-	-	16
	b. Amount outstanding	94.80	475.02	-	-	569.82
	c. Provision thereon	3.75	158.49	-	-	162.24
2	**Fresh restructuring during the year**					
	a. No. of borrowers	23	-	-	-	23
	b. Amount outstanding	911.15	-	-	-	911.15
	c. Provision thereon	45.56	-	-	-	45.56
3	**Upgradations to restructured standard category during the FY**					
	a. No. of borrowers	4	(4)	-	-	-
	b. Amount outstanding	93.52	(150.95)	-	-	(57.43)
	c. Provision thereon	0.86	(33.15)	-	-	(32.29)
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**					
	a. No. of borrowers	-	-	-	-	-
	b. Amount outstanding	-	-	-	-	-
	c. Provision there on	-	-	-	-	-
5	**Down gradations of restructured accounts during the FY**					
	a.No. of borrowers	(2)	2	-	-	-
	b. Amount outstanding	(72.75)	76.75	-	-	4
	c. Provision thereon	(3.55)	39.50	-	-	35.95
6	**Write-offs/Recovery of restructured accounts during the FY**					
	a. No. of borrowers	(1)	(5)	-	-	(6)
	b. Amount outstanding	(22.05)	(43.47)	-	-	(65.52)
	c. Provision thereon	(0.20)	22.68	-	-	22.48
7	**Restructured Accounts as on March 31, 2021**					
	a. No. of borrowers	27	6	-	-	33
	b. Amount outstanding	1,004.67	357.35	-	-	1,362.02
	c. Provision thereon	46.42	187.53	-	-	233.94

x. Disclosure on the asset classification and computation of provisions as per extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) RBI / 2019-20 / 170 DOR (NBFC). CC. PD. No. 109/ 22.10.106 / 2019-20 dated March 13, 2020

(₹.in lakhs)

Sr.No.	Asset Classification as per RBI Norms	Asset classifica tion as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
1	**Performing Assets**						
	Standard	Stage 1	94,792.93	544.57	94,248.36	379.17	165.39
		Stage 2	2,339.74	366.46	1,973.29	9.36	357.10
	Subtotal for Standard		**97,132.67**	**911.02**	**96,221.65**	**388.53**	**522.49**
2	**Non- Performing Assets (NPA)**						
	Substandard	Stage 3	977.27	564.12	413.15	97.73	466.39
	Doubtful - up to 1 year	Stage 3	626.26	322.58	303.68	167.58	155.00
	1 to 3 years	Stage 3	875.12	517.33	357.79	416.32	101.01
	More than 3 years	Stage 3	348.82	186.22	162.60	178.69	7.53
	Subtotal for doubtful		**2,827.46**	**1,590.25**	**1,237.21**	**860.32**	**729.93**
	Loss	Stage 3	-	-	-	-	-
	Subtotal for Loss		**-**	**-**	**-**	**-**	**-**
	Other items						
	Other items such as guarantees, loan commitments, etc. which arein the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.	Stage 1	-	-	-	-	
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
	Subtotal						
		Stage 1	94,792.93	544.57	94,248.36	379.17	165.39
	Total	**Stage 2**	2,339.74	366.46	1,973.29	9.36	357.10
		Stage 3	2,827.46	1,590.25	1,237.21	860.32	729.93
	Total		**99,960.13**	**2,501.27**	**97,458.86**	**1,248.85**	**1,252.42**

y. Liquidity Risk Management disclosure for Non-Banking Financial Companies and Core Investment Companies - RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 04, 2019

1) Funding Concentration Based on Significant Counterparty (both deposits & borrowings)

Sr. No.	Number of Significant Counterparties	Amount	% of Total
1	16	60,968.06	97.17%

As regards the deposits is concerned, company is a non deposit taking NBFC so not applicable

2) Top 20 Large Deposits (Amount in Rs. lakhs & % of total deposits) : Not applicable
3) Top 10 borrowings (Amount in Rs. lakhs & % of total borrowings)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2021

3) Top 10 borrowings (Amount in Rs. lakhs & % of total borrowings)

Sr. No.	Number of Significant Counterparties	Amount	% of Total
1	Union Bank of India	10,743.14	17.12%
2	Global Climate Partnership Fund Sa Sicav-Sif Masal Bond	7,989.04	12.73%
3	Indian Bank	7,003.17	11.16%
4	HDFC BANK	6,433.83	10.25%
5	SBI	5,701.47	9.09%
6	BAJAJ FINANCE	3,678.35	5.86%
7	TATA CAPITAL LTD	2,838.42	4.52%
8	FEDERAL BANK	2,700.18	4.30%
9	THE CATHOLIC SYRIAN BANK LTD	2,658.21	4.24%
10	Indian Overseas Bank	2,501.26	3.99%
	Top 10 borrowings	**52,247.05**	**83.27%**

4) **Funding Concentration based on Significant instrument / product**

Sr. No.	Number of Significant Counterparties	Amount	% of Total
1	Term Loan	40,751.95	64.95%
2	Bonds	7,003.17	11.16%
3	NCD	6,896.42	10.99%
4	Cash credit from banks	4,255.59	6.78%
5	Borrowings towards Securitizatio	2,654.30	4.23%
6	Working capital demand loan	684.88	1.09%
7	Sub ordinated liabilities	499.28	0.80%

Note : The above funding concentration excludes CCPS and other minor items.

Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

5) Stock Ratios

a) Commercial papers as a % of total public funds, total liabilities & total assets: Nil, Company has not issued any Commercial papers

b) Non Convertible debentures (original Maturity of less than one year) as a % of total public funds, total liabilities & total assets: Nil, Company has not issued any debentures having original maturity of less than

c) Other Short term liabilities, if any as a % of total public funds, total liabilities and total assets

Sr. No.	Number of Significant Counterparties	Amount	% of Total
1	Working Capital Demand Loan	684.88	1.09%
2	Cash Credit	4,255.59	6.78%

6) **Institutional Set up for liquidity risk management**

EFL is having Liquidity risk management policy which has been approved by the board covering Liquidity Risk Management Policy, Strategies and Practices, Management Information System (MIS), Internal Controls, Maturity profiling, Liquidity Risk Measurement – Stock Approach, Currency Risk, Managing Interest Rate Risk, Liquidity Risk Monitoring Tools.

z. 'Disclosures as required by RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 'COVID-19 Regulatory Package Asset Classification and Provisioning' are given below:

"The Company has extended moratorium/deferment of term loan instalments falling due during the moratorium period, March 01, 2020 to August 31, 2020, to its eligible borrowers, who opted for moratorium/deferment of various instalments in line with RBI COVID-19 Regulatory Package notified vide circulars dated March 27, 2020 and May 23, 2020. The Company has also followed Asset Classification and Provisioning guidelines issued by RBI including guidelines issued vide circular dated April 17, 2020.

As the moratorium/deferment has been provided specifically to enable borrowers to tide over COVID-19 disruptions, the same has not been treated as changes in terms and conditions of loan agreements due to financial difficulty of the borrowers and, consequently, has not resulted in asset classification downgrade.

Particulars	as at March 31, 2021
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular (as of February 29, 2020)	8,876.40
Respective amount where asset classification benefit is extended as of March 31, 2020	5,672.74
Provision made in terms of paragraph 5 of the circular (As per para 4, applicable to NBFC's covered under Ind AS)	50.17
Provisions adjusted against slippages in terms of paragraph 6 of the circular	3.04
Residual provisions as of March 31, 2021 in terms of paragraph 6 of the circular	47.13

Hon'ble Supreme Court in a public interest litigation (Gajendra Sharma vs. Union of India & Anr) vide an interim order dated September 03, 2020 (interim order) has directed the accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. However, this interim order stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters.

In accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17DOR. STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the Company has carried out asset classification of the borrower accounts as per the extant RBI instructions / IRAC norms, without considering any standstill in asset classification and also done staging of the borrower accounts in accordance with ECL model/framework under Ind AS in the financial statements for the half-year and year ended March 31, 2021.

aa. COVID-19 Relief Scheme for grant of ex-gratia

The Government of India, Ministry of Finance, vide its notification dated October 23, 2020, had announced COVID-19 Relief Scheme (the "scheme") for grant of ex-gratia payment of difference between compound interest and simple interest for moratorium period of six month to borrowers in specified loan accounts as per the eligibility criteria specified in the scheme. The Company has implemented the scheme and passed on the ex-gratia benefit amounting to Rs. 119.86 lakhs to the eligible borrowers and the said amount has been claimed under the scheme.

The Reserve Bank of India, vide its notification 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 07, 2021, had announced to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the judgement of the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. Accordingly the Company has estimated the amount of Rs. 132.64 lakhs and made provision for refund / adjustment to eligible borrowers.

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

As per our report of even date

For S. R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Jayesh Gandhi
PartnerManaging
Membership No. 037924

Place: Mumbai
Date: June 08, 2021

For and on Behalf of Board of Directors
Electronica Finance Limited
CIN: U74110PN1990PLC057017

Ms. Shilpa Pophale
Director
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Ms. Khwahish Rawal
Company Secretary
Place: Pune
Date: June 08, 2021

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...by your side

ELECTRONICA FINANCE LIMITED

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Ph. No. 020 6729 0700

CIN: U65910PN1990PLC057017