... by your side

32nd ANNUAL REPORT

2021-2022

ACCELERATING SUCCESS

Annual Report **2021-22**

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BOARD OF DIRECTORS

1.	Ms. Shilpa Pophale	Managing Director
2.	Mr. Sujit Natekar	Director
3.	Mr. Mohan Vasant Tanksale	Independent Director
4.	Mr. Ameya Gurunath Bijoor	Nominee Director
5.	Mrs. Smita Sandhane	Independent Director (w.e.f 28th April, 2022)
6.	Mr. Milind Limaye	Independent Director (till 26th March, 2022)

Chief Financial Officer	Mr. Jagdish Bhoir (Till 6th July, 2022)
Company Secretary	Ms. Khwahish Rawal

STATUTORY AUDITORS

For Mukund M Chitale & Co, Chartered Accountants
2nd Floor Kapur House Paranjape B Scheme, Vile Parle-East
Mumbai- 400057, India

OUR FINANCERS

- State Bank of India
- Bank of Maharashtra
- Bank of Baroda
- IDBI Bank
- UCO Bank
- SIDBI
- HDFC Bank
- CSB Bank
- Maharashtra Gramin Bank
- AU Small Finance Bank
- South Indian Bank
- Tata Capital Finance Services
- Nabsamruddhi Finance (NABARD)
- Symbiotics - AAV SARL
- Indian Bank
- Union Bank
- Canara Bank
- Indian Overseas Bank
- Bank of India
- Punjab National Bank
- ICICI Bank
- Federal Bank Limited
- SBM Bank
- Bandhan Bank
- Bajaj Finance Ltd
- Nabkisan Finance (NABARD)
- ResponsAbillity- Global Climate Partnership Fund

REGISTERED OFFICE ADDRESS

Electronica Finance Limited
Registered Office: Audumbar, 101/1, Erandwane, Dr Ketkar Road, Pune 411004, Maharashtra, India
Email : secretarial@efl.co.in | **www**.efl.co.in | **(O) :** +91 – 020- 67290700
Corporate Identification Number : U74110PN1990PLC057017

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LETTER FROM THE MANAGING DIRECTOR

Dear Shareholders,

They say that time is the only healer. How true this is, was evident from the way the world bounced back from the aftermath of the pandemic. The world and indeed India rallied back strongly to tackle the pandemic including the largest ever vaccination drive in India, developing medical infrastructure and ensuring that all the right enablers are given for industry and the overall economy to grow. Despite a small hiccup during the third wave, most of the world reverted to pre pandemic levels.

As you are aware your company had invested a lot of energy during the lockdown and the period after that too and focused on improving sourcing models, collections, new business verticals and most importantly on technology. This was done with a clear intent. The aim was to accelerate and capitalize on the upward momentum as soon the world and India come out of the effects of the pandemic. You will be glad to note that your company did exactly that and managed to create many firsts in the year gone by.

Starting from disbursements to collections, NPA management, technology, hiring, branch expansion to business development, your company delivered on all the fronts. I am happy to share some of the highlights of Fy22:

- Highest disbursement ever in a FY amounting to Rs.1108 crores with a growth of over 50%
- All round growth across various business verticals
- Growth of 25% in AUM
- Growth in PBT & PAT of 30%
- Despite massive growth in business, well maintained CRAR at 21.93%
- NNPA maintained at 1.32% despite post pandemic stress on MSME businesses
- Provision Coverage Ratio at 86%
- Rating upgrade to A- from ICRA
- Efficient treasury management and relationship with leading PSU and private banks

All of this was possible because of various enablers which were put in place.

Your company managed to recruit more than 600 people despite the downturn of the pandemic, which is the highest ever recruitment in a financial year. The recruitment was across various business verticals and geographies.

Your company had identified technology as an important strategic initiative for the future and had defined it as the center of what we do rather than just being an enabler. While the basic ground work for changing the complete technology platform was done in the previous year, FY22 saw the new platform being implemented across businesses. I am sure that in FY23 the entire benefit of this change will be visible to our sales and service team as well as our customers.

We have always been exploring various avenues for business development. This helps in ensuring that various channels for sourcing are optimized in a cost effective way. It also helps in making the sales force more productive and efficient. We identified business entities in the ecosystem of our customer who could be our channel partners and support us in business generation. We also managed to digitize the entire process of onboarding such channel partners as well as generating leads. Your company could onboard around 1000 + channel partners which will help us in growing business in the future.

EFL is a vintage player in the NBFC space and has carved out a niche for itself in the industry. This is primarily because of the values embedded in our DNA as well as the vision with which the company was started. Your company has followed that vision and the values with which we do all of our business. Recently, your company reimagined its vision to better reflect the change that it has gone through in terms of new geographies, new business lines, varied work force and the future business plans. EFL now envisions **"To be the most trusted NBFC, impacting society and transforming lives through technology".**

The new vision statement lays emphasis on the trust that EFL has built over the years, acknowledges the impact that our lending has on the society and the way it has transformed many lives. The vision statement also incorporates the critical role that technology will play in order to achieve what we have planned.

While the pandemic is not over yet, we have learned to live with it. Growing optimism about no major COVID waves in future, increasing vaccination, initiatives on business continuity and constructive steps by the government has created growth conducive environment. Your company has set an ambitious growth plan over the next few years and while we accelerated our business last year, it is now time to take off.

Two things need to be done to do this; build on the positive momentum and leverage the strong platform built over the last couple of years.

LETTER FROM THE MANAGING DIRECTOR

Your company will be focusing on growing disbursement and building the AUM at a faster clip than the year gone by. This will be done by:

- Continue focus on green lending by increasing disbursements in rooftop solar finance and energy efficient machine financing
- Ensuring full benefits of technology in each function from customer acquisition to underwriting to disbursement and post disbursement service
- Geographical expansion primarily in the Micro LAP business but also in the machine & solar finance business
- Focus on hiring, training and making employees more productive
- Building strong enablers like channel partners, strategic partnerships and alliances and business correspondent/co-lending arrangements
- Effective treasury management with an emphasis on diversification and structured instruments for fund raising

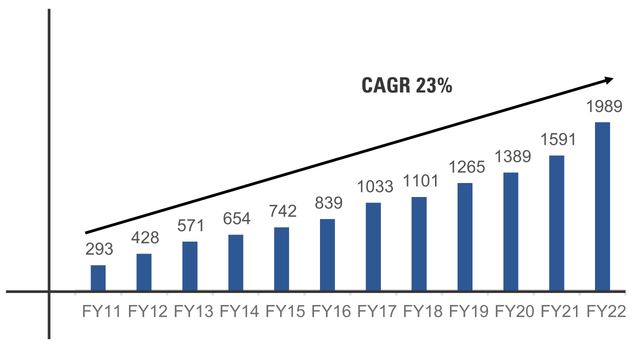
While your company continues to rapidly grow business, the focus on asset quality and collections will remain the same. Our focus on selecting the right customer, efficient collections and legal measures for recovery will continue as always while maintaining the NPA percentage below 2%.

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.

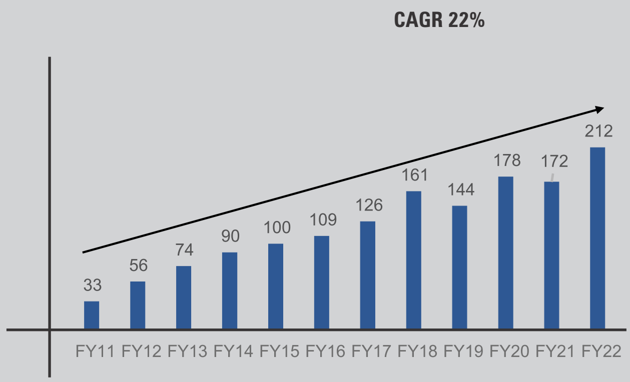
Shilpa Pophale
Managing Director

SNAPSHOT OF COMPANY PERFORMANCE

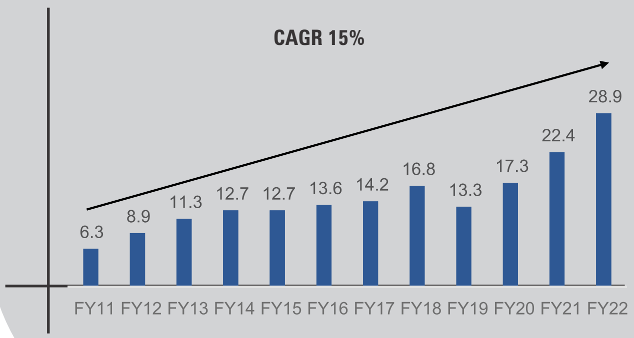
AUM
(₹ in crores)



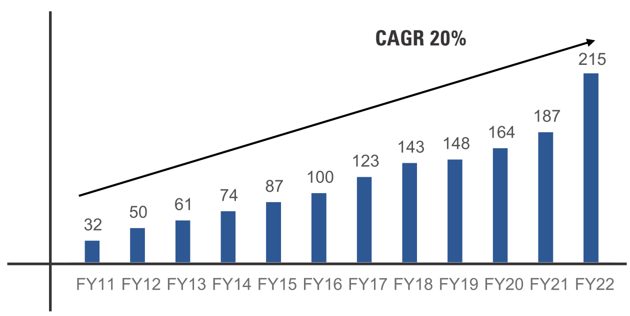
INCOME
(₹ in crores)



PAT
(₹ in crores)



NETWORTH
(₹ in crores)



VISION

**To be the Most Trusted NBFC,
Impacting Society & Transforming Lives
Through Technology**

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TO THE MEMBERS OF
ELECTRONICA FINANCE LIMITED

The Directors have pleasure in presenting the 32nd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2022.

1. BACKGROUND:

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

2. ECONOMY & INDUSTRY OVERVIEW

India's gross domestic product (GDP) growth expanded 8.7 per cent in FY22, slightly lower than the earlier estimated 8.8 per cent. In FY2020-21, the Indian economy had contracted 6.6 per cent. However, economic growth slowed for the third consecutive quarter in the January-March period at 4.1 per cent from 5.4 per cent growth in the previous quarter, as soaring prices slowed down consumer spending.

The major reason for the downward revision in GDP growth was due to a combination of factors, including the impact of third wave of Covid on economic activities and downward revision in first two quarters' growth rates. The growth of 8.7 per cent in FY2022 as a whole is mildly higher than the estimate of 8.5 per cent, making India one of the fastest growing large economies in FY2022. Nevertheless, Indian GDP in FY2022 was a subdued 1.5 per cent higher than the pre-pandemic level in FY2020. The slowdown seen in the fourth quarter to a four-quarter low of 4.1 per cent was inevitable, stemming from the adverse impact of the third wave on contact services, and of high commodity prices on margins. Though 3rd wave of Covid did not hit the economy as hard as 1st and 2nd wave, but the headwinds emerging out of the Russia Ukraine conflict continue to loom large.

Services sector was the main driver of the 3.9 per cent GVA growth seen in the fourth quarter, driven by government spending. GVA growth of agriculture, forestry and fishing recorded a steady 3 per cent growth compared to 3.3 per cent last year, especially in the backdrop of the bleak wheat harvest portrayed by the third advance estimate of crop production. Construction displayed a better performance than expected in the fourth quarter, recording a growth of 11.5 per cent from a contraction 7.3 per cent last year. The growth in manufacturing was affected the most in the fourth quarter, which was expected as logistic and supply chain disruptions impacted industrial activities. However, on a full year basis the sector made a robust return expanding by 9.9%.

The agriculture sector remained the strongest pillar of growth. Services were not as badly hit thanks to improving mobility and remote working. In the fourth quarter, government spending also supported growth. However, uncertainties such as the Omicron wave, geopolitical crisis and high inflation weighed on consumer demand quite significantly offsetting growth in the other expenditure categories.

Amidst the global pandemic, India has found its innate strength to brave the storm and focus on developing its domestic ecosystem, to support both the Indian and the global markets. One of the mainstays of the Indian economy has been the MSME segment. Considered to be the engine of economies around the world, the MSME segment in India alone is estimated to have 6.3 crore units, which employs over 11.10 crore people. The sector accounts for 27% of GDP and is crucial to the functioning of the economy, including in terms of employment generation, exports, and lending opportunities. The sector was the worst hit during the COVID-19 pandemic and the lockdown that followed in 2020. The segment has now recovered substantially primarily because of various government initiatives for supporting the segment as well as "Aatmanirbhar" policies of the government. Factors also include recovery in the global economy and adoption of China-plus-one strategy by large players to diversify their supply chains. The China +1 strategy of various global players has had a direct impact on the Indian manufacturing segment. Given the magnitude of Chinese exports, India and MSME segment in particular will have big opportunities.

The rural business continues to inspire confidence on the back of enhanced rural credit, leading to industry being optimistic and upbeat on rural economy sentiment as per a report published by the Confederation of Indian Industry. According to CII, despite COVID-19 pandemic, disbursement of retail loans in rural India witnessed a growth of 23% by value 30% by volume from over FY19 to FY22. Even the disbursement of commercial loans in this period, though being led by small ticket size loans, witnessed about 100% growth by volume. However, loans by microfinance institutions witnessed a de-growth of 9% by value and 19% by volume during the same period. Majority players expect ease of access to credit to the rural economy to improve, improvement of digital penetration, quality of infrastructure to improve and improvement in government initiatives and policies to drive rural growth.

Inflation has been a persistent problem in India and the economy has been fighting the challenge of rising prices for a long time now. Higher prices weighed on consumer wallets and production costs. And this may stay as crude oil prices are inching back up to $120 a barrel, but the availability of Russian crude oil could help India is better placed than some other countries as far as inflation is concerned.

The government focused on some key reforms in FY22 including health, infrastructure, agriculture and education. In view of the pandemic the government increased spending on the medical infrastructure by more than 100% on items like vaccine coverage, health coverage etc. The emphasis on the Production Linked Incentive scheme continued. The National Infrastructure Pipeline (NIP) was expanded by adding new projects and also thrust was given on asset monetization. A robust MSP regime and cash payout support to small farmers ensured that the agri sectors reform continue. Skilling, New Education Policy and legislation for reforms in higher education were the highlights in the education sector.

The current account balance recorded a deficit of $38.8 billion as against a surplus of $23.9 billion in the fiscal ended 2021. During FY22, there was a capital account surplus of $86.3 billion, compared with a surplus of $63.4 billion in FY21, the data showed.

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 denied credit from these channels. They help to finance individuals and entities that are unbanked or unserved by the banking channels. The year FY22 marked a rebound in growth for the NBFC industry after the lull of the FY21 because of the pandemic. HFCs, diversified NBFCs and MFIs also saw growth in disbursements and AUM with the only exception being gold loan NBFCs. The pace of the growth was driven by the large NBFCs with growth of around 12% with smaller and mid-sized NBFCs growing by around 4%. Profitability parameters like RoA and RoE moved up marginally in FY22 with NIM and cost to income ratios remaining stable.

Stressed assets of non-banking financial companies-microfinance institutions (NBFC-MFIs) are estimated to have declined a significant 800 basis points to about 14 per cent as of March 2022, after peaking to about 22 per cent in September 2021, but still above pre-pandemic levels of about 3 per cent.

The reduction in stressed assets, along with improved collection efficiencies mark a recovery in the asset quality of NBFC-MFIs, supported by economic revival, limited impact of the omicron variant, and acclimatization to the post-pandemic 'new normal'. The overall collection efficiency continued to improve in FY22 and as at end of the financial year was in the range of 97% across the sector.

Among the various products, housing loans rebounded with a 13% growth in the AUM supported by increase in demand and penetration in Tier 2 and 3 cities. The personal loan market saw a stupendous 40% growth with the economy stabilizing and stressed assets reducing. The loans by NBFCs to the MSME segment grew by around 7% out of which non LAP MSME segment grew by around 12%. Both the gold loan and MFI segment also registered excellent growth at around 10%.

One of the key trends in the NBFC space has been increased digitization across various products with technology being used for on-boarding, decision making and providing services to the customers.

The RBI brought out a new categorization within NBFCs across 4 segments viz. Top Layer, Upper Layer, Middle Layer and Base Layer basis the asset size and activities of the NBFC. Going forward the NBFC sector will be more regulated and the same will be aligned closely with banks thereby impacting metrics of NBFCs.

3. FINANCIAL RESULTS:

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

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021	Change in %
Total Revenue	21165.55	17220.98	22.91%
Total Expenses	17279.53	14224.68	21.48%
Profit before tax	**3886.02**	**2996.30**	**29.69%**
Total tax expenses	993.29	764.81	29.87%
Profit after tax	**2892.73**	**2231.49**	**29.63%**
Other comprehensive income for the year (net of tax)	23.37	12.82	-
Total Comprehensive Income (Net of Tax)	**2916.10**	**2244.31**	**29.93%**
Surplus at the beginning of the accounting period	10216.00	8417.99	-
Appropriations			
Transfer to Statutory Reserve	578.55	446.30	-
Dividend and related distribution tax		-	
Balance carried forward	**12428.98**	**10216.00**	**-**

4. DIVIDEND

Board of Directors have recommended dividend of Rs. 1,265/- to holders of CCPS at 0.001% p.a. on 63,26,839 Compulsory Convertible Preference Shares (CCPS) of Rs. 20/- each for the Financial year 2021-22, 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

- Number of new loans booked: **9965**
- Assets under management (AUM): increased by **25.01%** to ₹**1989 crores**
- Total income: increased by **22.91%** to ₹**21165.55** lakh **mainly on account of increased business**
- Net interest income (NII): increased by **34.42%** to ₹**12043** lakh as a result of higher business and relatively lower cost of funds
- Total operating expenses (Opex): Increased by **46.31%** to ₹**7269.25** lakhs due **to higher salary cost (reinstatement of the salary cuts) and increased hiring**
- Operating Expenses to NII ratio increased by **60.36%** from 55.45% in FY2021 mainly due to investments in growth for business
- Pre-impairment operating profit: increased by **19.62%** to ₹**4773.78** lakh.
- Impairment on financial instruments: reduced to **10.74%** to ₹**887.76** lakh due to excess provision taken in FY21
- Profit before tax (PBT): increased by **29.69 %** to ₹**3886.02** lakh
- Profit after tax (PAT): increased by **29.63 %** to ₹**2892.73** lakh
- Capital adequacy ratio as of 31 March 2022 was **21.93%** which is well above the RBI norms.
- Tier I Capital adequacy ratio was **20.57%.**

Machine Finance

The manufacturing industry saw a sharp increase of around 200% in FY22 as compared to FY21 primarily on the back of a lower base but also because of renewed optimism despite the third wave of the pandemic as per a report by Goldman Sachs. The growth was contributed by both traditional sectors like petrochemicals, steel, cement, and automobiles, and new-age sectors like electronics, e-vehicles, and data centers. Your company riding on this upturn managed to grow the machine finance disbursements by more than 50%. The machine finance vertical managed to disburse Rs.764 crores in FY22. The metal cutting/metal forming business as well as plastics, printing, textiles verticals saw growth upwards of 50%. Overall collections efficiency in these segments hovered at 96% which is best in the industry.

Loan Against Property

The property market in India saw a cautious growth on the back of increased vaccination, consolidation in the industry and renewed demand by various segments in the industry. The LAP market drove the overall property finance market along with the affordable housing loans. The LAP business of your company grew by around 40% on a lower base. However, the vertical was re-organized in FY22 with focus on the North and West regions.

Emerging Enterprise Loans

The EEL business is basically micro LAP with average ticket size of around Rs.3.5 lakhs. This business grew by almost whopping 100% over FY21 primarily because of aggressive expansion in Gujarat as well as Rajasthan. FY22 also saw this business expanding in Madhya Pradesh. The EEL business disbursed Rs.129 crores of loans and added almost 7500 customers. Despite the rapid growth collection efficiencies were at the around 95%.

Rooftop Solar Finance

The rooftop solar finance business is the latest product of the company which was started just before the pandemic hit. Your company is one of the very few financial institutions / banks which have a dedicated focus on rooftop solar finance. The credit guarantee from US International Development Finance Corporation provided substantial support in developing the business. Apart from this, a lot of developmental activities were undertaken in FY21 to establish this product. As a result of these efforts, FY22 saw an almost 5 times growth in terms of disbursement under solar finance.

Asset Quality

While things eased out in FY22 as compared to FY21, the overall situation was one of uncertainty. The third wave of the pandemic and the Ukraine-Russia war also added to the ambiguity. Despite such a challenging scenario, your company was able to maintain its asset quality. Your Company was able to successfully improve the Gross NPA percentage to 2.56% in FY22 as compared to 2.83% in FY21 and Net NPA percentage in FY22 remained at almost the same level to 1.27% as compared to FY21. 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 provisional coverage ratio of 95% as of 31st March 2022.

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

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

There 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 21.93% as on 31st March 2022 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. 578.55 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	Unsecured NCD's on Private Placement basis
ICRA Limited	NCD's	A-' with Stable Outlook	Secured NCD's on Private Placement basis

12. SUSTAINABILITY INITIATIVES

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

EFL continued with its focus of transforming lives and impacting society through multiple ways. This includes the following:

- Expansion of the Emerging Enterprise Loans business – Your company successfully expanded its business operations of the emerging enterprises business into Madhya Pradesh as well. The businesses which the EEL loans supports are all plugged into the local eco system thus providing self-sufficiency and sustainable development. Pertinent to note is that almost 50% of such borrowers are first time borrowers and hence your company plays an important role in getting them into the organized credit system.
- Rapid growth in rooftop solar finance – Your company grew its solar finance business by almost 5x in FY22 thereby cumulatively supporting installation of around 18 MW of solar capacity thereby resulting in reducing carbon emissions by around 690 tons.

EFL continues to be guided by its ESG policy.

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 2022, the paid up capital of the Company stands at Rs. 35,18,83,230/- comprising of Equity Share capital of Rs. 22,53,46,450/- comprising of 2,25,34,645 equity shares of face value of Rs. 10/- each and Preference Share Capital of Rs. 12,65,36,780/- comprising of 63,26,839 Preference shares of face value of Rs. 20/- each.

Further, details of Options granted and exercised are included in Note no. 43 in the notes to accounts forming part of financial statements.

14. AUDITORS

Statutory Auditors:

In terms of section 139 of the Act, M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/ E300005) were appointed by the members for a term of five consecutive years to hold the office from the conclusion of 27th Annual General Meeting till the conclusion of the 32nd Annual General Meeting.

The Reserve Bank of India through its circular dated 27 April 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). In line with the requirements of the above guidelines, M/s S. R. Batliboi & Co. LLP, Chartered Accountants were ineligible, to continue as the Statutory Auditors for the financial year ending 31 March 2022.

Therefore, they tendered their resignation vide their letter dated 30th September 2021 and have not raised any concern or issue and there is no reason other than those mentioned in their above said letter.

At the 31st AGM held on 30th September,2021 the Members had appointed M/s Mukund M. Chitale & Co., Chartered Accountants (Firm Registration No. 106655W), as the Auditors of the Company for a term of 3 years to hold office until the conclusion of the 34th AGM. The audit report by M/s Mukund M. Chitale & Co., Chartered Accountants, for FY 2022 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 27th May 2022, for FY 2022 which has been filed with RBI. There were no comments or adverse remarks in the said report.

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 Unicus Risk Advisors LLP, Chartered Accountants to act as the Internal Auditors of the Company for the Financial Year 2021-22, pursuant to Section 138 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 2021-22, 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 FY2022 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 Note 41 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 FY2022. 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 Board of Directors of the Company on recommendation of Nomination and Remuneration Committee re-appointed Ms. Shilpa Pophale as Managing Director and Key Managerial Personnel of the Company for the term of 3 years w.e.f. 1st April, 2022. Approval of members is being sought at the ensuing Annual General Meeting (AGM) of your Company.

During the year under review, the Nomination and Remuneration Committee proposed the appointment of Mrs. Smita Sandhane (DIN: 07637529) as Additional Director(Non-Executive) of the Company in the capacity of 'Independent Director". The said appointment was duly approved by the Board in the Meeting held on 28th April, 2022 and placed in the ensuing Annual General Meeting(AGM) held for a term of 5 consecutive years.

Mr. Milind Limaye (DIN: 02971181) has ceased to be the Independent Director of the Company on completion of his term of 5 years on 26th March 2022 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. Milind Limaye (DIN: 02971181) 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:

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.

Mr. Jagdish Bhoir has resigned as Chief Financial Officer & Key Managerial Personnel of the Company w.e.f. 6th July, 2022.

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, 2022, 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, 2022, 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.

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 2021-22.

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, 2022, your Company had 991 employees as compared to 585 as on March 31, 2021.

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.

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: 26th August, 2022

Place: Pune

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, 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 year ended on March 31, 2022 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of ~~Foreign Direct Investment, Overseas Direct Investment~~ and External Commercial Borrowings: During the year under review, Foreign Direct Investment and Overseas Direct Investment are not applicable to the Company

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

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (during the period under review not applicable to the Company)

  (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);

(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:

a) Secretarial Standards issued by the Institute of Company Secretaries of India;

b) 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, Standards, etc. mentioned above subject to the following observation:

1) The Company has made repayment of Debentures as per the terms of Issuance during the year hence the Company's debentures were no longer listed on BSE as on March 31, 2022. The intimations or compliances made during the period April 01, 2021 to March 31, 2022 are not available on BSE portal as the Company is no longer listed on BSE as on the date of this Report and hence the same could not be reviewed.

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.

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 08, 2021	Board Meeting	250 crores
2	September 30, 2021	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 08, 2021 and September 30, 2021 respectively on Compulsorily Convertible Preference Shares (CCPs) at the rate 0.001% per share.

c. The Company's debentures were no longer listed on BSE as on March 31, 2022.

For Mehta & Mehta,

Company Secretaries

(ICSI Unique Code P1996MH007500)

Ashwini Inamdar

Partner

PCS No: F 9409 **Place: Mumbai**
CP No: 11226 **Date: 26th August, 2022** **UDIN: F009409D000858257**

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 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 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: F 9409	**Place: Mumbai**	**UDIN: F009409D000858257**
CP No: 11226	**Date: 26th August, 2022**	

ANNEXURE - B

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.
- Minimal use of Air Conditioning with reliance on natural air flow and other aspects of the green building being leveraged to ensure comfortable temperatures in the office
- Daylight and quality views addressed with façade design
- Overall the structure and design has contributed to Portable water savings, Energy Savings & 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%. Our rooftop solar financing product also ensures direct reduction in CO_2 emissions and as such has contributed to our efforts in conservation of energy. Your company has installed 18.19 MW of solar capacity which has generated 18.23 lakhs kWh electricity thereby reducing CO_2 emissions by around 697 tonnes.

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: 26th August, 2022

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 on 2 major projects.

The first is a flagship project named UDAAN intended towards making the education accessible to underprivileged individuals and imparting vocational skills amongst them to make them employable.

Under its flagship project named UDAAN

- Under project 'UDAAN', we have selected 50+ girls from under privileged backgrounds from Pune & Kolhapur region who receives the scholarship towards their education expenses.
- More than 60+ students are getting opportunity of upgrading themselves through on job training under this initiative.

Second one is dedicated towards the safety and preventive measures during the pandemic.

Here EFL has donated the Oxygen Generating Unit to Bharati Hospital through its associate or tied up association named MCCIA.

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 2021-22 is given below:

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

* Term completed w.e.f. 26th March, 2022

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-

Sl. 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	2021-2022	3.49	
2	2020-2021	0.29	
3	2019-2020	1.08	
4	2018-2019	-11.04	
5	2017-2018	-14.48	

6. Average Net Profit of the Company as per Section 135(5): Rs.2,441.28 lakhs

7. (a) Two Percent of Average Net Profit of the Company as per Section 135(5) : Rs. 48.83 lacs

   (b) Surplus Arising out of the CSR Projects or Programmes or Activities of the Previous Financial Years.: Not applicable

   (c) Amount required to be Set Off for the Financial Year, If Any : Not applicable

   (d) Total CSR Obligation for the Financial Year (7a + 7b - 7c): Rs. 48.83 lacs

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
76.47	Not applicable, since there is no unspent amount				

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

Sl. 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)	Mode of Implementation through Implementing Agency	
				State	District					Name	Name	CSR Registration No.

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

Sl. 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)	Mode of Implementation through Implementing Agency	
				State	District					Name	Name	CSR Registration No.
1	Project COViD 19 Relief	Health & Hygiene	Yes	Maharashtra	Pune	1 Month	42.56	42.56	0.00	Agency	Mahratta Chamber of Commerce Industries And Agriculture	CSR 00005065
2	Project - UDAAN	Promoting Skill Education	Yes	Gujarat	Tier 2 / 3 cities	12 Month	29.88	29.88	0.00	Agency	Team lease Skills University	CSR 00001676
3	Project - UDAAN Education	Promoting Skill	Yes	Maharashtra	Pune, Kolhapur	12 Month	4.03	4.03	0.00	Direct	Electronica Finance Ltd.	NA
						Total	**76.47**	**76.47**				

(d) Amount Spent in Administrative Overheads: NA

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

(f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 76.47 lacs

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

Sl. No.	Particulars	Amount (in lakh)
1	Two percent of average net profit of the Company as per Section 135(5)	48.83
2	Total unspent amount for the financial years 2017-18 and 2018-19	25.52
3	Total excess amount spent for the financial years 2019-2020 & 2020-2021	1.37
4	Total (1+2-3)	72.98
5	Total amount spent for the Financial Year 2021-2022	76.47
6	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
7	Amount available for set of in succeeding financial year	3.49

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in lakh) (in lakh)	Amount spent in the reporting Financial Year	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	
1	2021-2022	-					
2	2020-2021	-					
3	2019-2020	-					

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

Sl. 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: 26th August, 2022

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:
Electronica Tungsten Limited (Directorship of spouse of MD)	Rent received	1 Year	1.23	Rent as per the area of the premises shared.	Not Applicable	1.23
Electronica Hi Tech Machine Tools Pvt ltd (Directorship of spouse of MD)	ICD	1 Year	275.00	Interest paid @ 8% p.a.	Not Applicable	260.32
Electronica Hi Tech Engineering Pvt ltd (Directorship of relative of MD)	Working Capital Loan ICD	6 months	60.56 50.59	Interest charged @ 15% p.a	Not Applicable	-

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF

ELECTRONICA FINANCE LIMITED

SHILPA POPHALE

MANAGING DIRECTOR

DIN: 00182457

Date: 26th August, 2022

Place: Pune

ANNEXURE - E

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

Background

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

Present Position of Directors and KMP of the Company:

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

Terms of reference of the nomination and remuneration committee

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

Criteria for determining the following: -

Qualifications for appointment of Directors (including Independent Directors):

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

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

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.

- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made.

Appointment of KMP / Senior Management:

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

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

- To ensure that the level and components of remuneration are reasonable and sufficient to attract, retain and motivate Directors, KMP and other employees of the quality required to run the Company successfully.
- No director/ KMP/ other employee are involved in deciding his or her own remuneration.
- The trend prevalent in the similar industry, nature and size of business are kept in view and given due weightage to arrive at a competitive quantum of remuneration.
- It is to be ensured that relationship of remuneration to the performance is clear & meets appropriate performance benchmarks which are unambiguously laid down and communicated.
- Improved performance should be rewarded by increase in remuneration and suitable authority for value addition in future.
- Remuneration packages should strike a balance between fixed and incentive pay, where applicable, reflecting short and long term performance objectives appropriate to the Company's working and goals.
- **Following criteria are also to be considered:**
  - Responsibilities and duties;
  - Time & efforts devoted and Value addition;
  - Profitability of the Company & growth of its business;
  - Analyzing each and every position and skills for fixing the Remuneration yardstick;
  - Standards for certain functions where there is a scarcity of qualified resources.
  - Ensuring tax efficient remuneration structures.
  - Ensuring that remuneration structure is simple and that the cost to the Company (CTC) is not shown inflated and the effective take home remuneration is not low.
  - Other criteria as may be applicable.

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

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

Review

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

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date: 26th August, 2022
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 2021-22 is as under:

Median Salary for FY 2021-22 Rs. 3.69 Lakhs

Sr. No.	Name of the Director	Remuneration FY 21-22 (Rs. In lakhs)	Ratio Times
1	Ms. Shilpa Pophale	128.4	34.79

(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	NIL
2	Mr. Mayank Thatte*	Not Applicable
3	Mr. Jagdish Bhoir#	Not Applicable
4	Ms. Khwahish Rawal	8.4%

*Resigned w.e.f. 15th May, 2021
#Appointed w.e.f. 2nd September, 2022

(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. **(0.24%)**

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

No. of Permanent Employees as on 31st March, 2022 – **975**

(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;

increase in Salary of other than KMP employees was - **14%**

(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: 26th August, 2022
Place: Pune

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on 31st March, 2022

{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 the Company	Non - Banking Financial 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 – 400 083 Contact Details : 022 49186000
viii)	Name, Address and Contact details of Debenture Trustee	Catalyst Trusteeship Limited Windsor, 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: -

Sl. No.	Name and Description of main products/services	NIC Code of the product / service	% to total turnover of the Company
1	Asset Financing Activity	64920	82.82%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

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

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

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

i) Category-wise Shareholding

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2021				Number of shares held as at 31/03/2022				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	% of Total shares	
(A)	**Promoters**									
(1)	**Indian**									
a)	Individual / HUF	18,04,987	-	18,04,987	8.01	18,04,987	-	18,04,987	8.01	-
b)	Central Government	-	-	-	-	-	-	-	-	-
c)	State Government(s)	-	-	-	-	-	-	-	-	-
d)	Bodies Corporate	2,01,64,245	-	2,01,64,245	89.48	2,01,64,245	-	2,01,64,245	89.48	-
e)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
f)	Any Other	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	**2,19,69,232**	**-**	**2,19,69,232**	**97.49**	**2,19,69,232**	**-**	**2,19,69,232**	**97.49**	**-**
(2)	**Foreign**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other – Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-		-		-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoters (A) = (A)(I)+(A)(II)	**2,19,69,232**	**-**	**2,19,69,232**	**97.49**	**2,19,69,232**	**-**	**2,19,69,232**	**97.49**	**-**
(B)	**Public shareholding**									
(1)	**Institutions**									
a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies-	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2021				Number of shares held as at 31/03/2022				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	% of Total shares	
(2)	**Non – Institutions**									
(a)	**Bodies Corporate**									
	i) Indian	-	-	-	-	-	-	-	-	--
	ii) Overseas	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	1,100	197,580	1,98,680	0.88	7,500	191,180	1,98,680	0.88	-
	ii Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	12,500	12,500	0.06	-	12,500	12,500	0.06	-
c)	Others									
	i) Non - Resident Indians	-	-	-	-	-	-	-	-	-
	ii) Clearing Members	-	-	-	-	-	-	-	-	-
	iii) Directors and their relatives	-	-	-	-	-	-	-	-	-
	iv) Hindu Undivided Families	-	-	-	-	-	-	-	-	-
	v) Trusts	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	**3,55,233**	**2,15,180**	**5,70,413**	**2.53**	**3,61,733**	**2,03,680**	**5,65,413**	**2.51**	**-**
	Total Public Shareholding (B)=(B)(I)+(B)(II)	**3,55,233**	**2,15,180**	**5,70,413**	**2.53**	**3,61,733**	**2,03,680**	**5,65,413**	**2.51**	**-**
(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**	**2,23,30,965**	**2,03,680**	**2,25,34,645**	**100.00**	**-**

ANNEXURE - G

V. SHAREHOLDING PATTERN (Preference Share Capital Breakup)

ii) Category-wise Shareholding

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2021				Number of shares held as at 31/03/2022				% 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)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2)	**Foreign**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a)	NRIs – Individuals	-	-	-	-	-	-	-	-	-
b)	Other – Individuals	-	-	-	-	-	-	-	-	-
c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-		-		-
	Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoters (A) = (A)(I)+(A)(II)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(B)	**Public shareholding**									
(1)	**Institutions**									
a)	Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
c)	Central Government	-	-	-	-	-	-	-	-	-
d)	State Government(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies-	-	-	-	-	-	-	-	-	-
g)	Foreign Institutional Investors (FII)	-	-	-	-	-	-	-	-	-
h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i)	Any other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

ANNEXURE - G

Sr. No.	Category of Shareholders	Number of shares held as at 1/04/2021				Number of shares held as at 31/03/2022				% change during the year
		Demat	Physical	Total	%of total shares	Demat	Physical	Total	% of Total shares	
(2)	**Non – Institutions**									
(a)	**Bodies Corporate**									
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	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	-	-	-	-	-	-	-	-	-
c)	Others									
	i) Non - Resident Indians	-	-	-	-	-	-	-	-	-
	ii) Clearing Members	-	-	-	-	-	-	-	-	-
	iii) Directors and their relatives	-	-	-	-	-	-	-	-	-
	iv) Hindu Undivided Families	-	-	-	-	-	-	-	-	-
	v) Trusts	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	**63,26,839**	**-**	**63,26,839**	**100**	**63,26,839**	**-**	**63,26,839**	**100**	**100**
	Total Public Shareholding (B)=(B)(I)+(B)(II)	**63,26,839**	**-**	**63,26,839**	**100**	**63,26,839**	**-**	**63,26,839**	**100**	**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**	**100**

iii) Shareholding of Promoters:

Sr. No.	Shareholders Name	Shareholders as at 31/03/2021		Shareholders as at 31/03/2022	
		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	36,500	0.14%	36,500	0.14%
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	**2,19,69,232**	**97.49%**	**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 01/04/2020 or 31/03/2021 or during the year ended 31/03/2022.

iv) 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 2022

Sr. No.	Name of Shareholder	Number of shares	% of total shares of the Company
II	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 2022:

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.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of Director	Shareholding as at 31/03/2021		Shareholding as at 31/03/2022	
		No. of shares	% to total shares of the Company	No of shares	% to total shares of the Company
I	Ms. Shilpa Pophale	36,500	0.14%	36,500	0.14%
II	Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%
III	Mr. Mayank Thatte	-	-	-	-
IV	Ms. Khwahish Rawal	-	-	-	-

VI. INDEBTEDNESS

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

(₹ in Lakhs)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness as at 01 Apr 21				
I) Principal Amount	72,136.26	684.88	-	72,821.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	532.36	-	-	532.36
Total (i+ii+iii)	**72,668.62**	**684.88**	**-**	**73,353.49**
Change in Indebtedness during the financial year				
Addition	60,241.51	6,192.82	-	66,434.34
(Reduction)	(31,352.39)	(452.79)	-	(31,805.19)
Net Change	**28,889.12**	**5,740.03**	**-**	**34,629.15**
Indebtedness as at 31 Mar 22				
i) Principal Amount	1,01,025.37	6,424.91	-	1,07,450.28
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	392.15	-	-	392.15
Total (i+ii+iii)	**1,01,417.53**	**6,424.91**	**-**	**1,07,842.43**

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Shilpa Pophale (Managing Director)
1.	Gross Salary	128.40
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	
	(b) Value of perquisites under section 17(2) of the Income-tax Act, 1961	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission	
	- as percentage of profit	-
	- others	-
5.	Others	-
	Total (A)	**128.40**
	Ceiling as per the Act	**Rs. 173.46/- *** (as per Companies Act 2013 Maximum Remuneration can be Paid 5% of Net Profit)

B. Remuneration to other Directors:

(₹)

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 *	3,75,000	-	-	3,75,000
	Mr. Mohan Tanksale	3,75,000	-	-	3,75,000
	Total (1)	**7,50,000**	**-**	**-**	**7,50,000**
2.	**Other Non-Executive Directors**	**-**	**-**	**-**	**-**
	Total (2)	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**7,50,000**	**-**	**-**	**7,50,000**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	**Rs. 17.35/-** lakh (Maximum as per Companies Act 2013)			

*Resigned w.e.f. 26th March, 2022

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Jagdish Bhoir (Chief Financial Officer)*	Khwahish Rawal (Company Secretary)	Total
I.	**Gross Salary**	45.59	7.99	**53.58**
	(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		-	-
II.	Stock Option		-	-
III.	Sweat Equity		-	-
IV.	Commission		-	-
	- as percentage of profit		-	-
	- others		-	
V.	Others		-	-
	Total	**45.59**	**7.99**	**53.58**

*Appointment w.e.f 2nd September, 2021

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

During the Financial Year, there is no instance of any penalty / punishment / compounding of offence under the Companies Act, 2013 against any Director, Key Managerial Person and Other Officers. **NIL**

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

SHILPA POPHALE
MANAGING DIRECTOR
DIN: 00182457

Date: 26th August, 2022
Place: Pune

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, 2022, EFL's Board comprised of 4 directors consisting of Managing Director, Non-Independent – Non-Executive Director, One Independent Director 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.

Number of Board Meetings

During 2021-22, the Board of EFL met 5 times on – 8th June 2021, 2nd September, 2021, 8th September, 2021, 10th November 2021 and 9th February 2022. 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

Sl. No.	Name of Director	Position	Category	No. of meetings held in 2021-22 during tenure	No. of meetings attended	No. of outside Director-ships of public companies*
1.	Ms. Shilpa Pophale	Managing Director	Promoter – Executive	5	5	1
2.	Mr. Sujit Natekar	Director	Promoter- Non Executive	5	5	1
3	Mr. Milind Limaye*	Independent Director	Independent – Non Executive	5	5	0
4	Mr. Mohan Tanksale	Independent Director	Independent – Non Executive	5	5	8
5.	Mr. Ameya Bijoor	Nominee Director	Non-Executive	5	5	0

* Term completed w.e.f. 26th March, 2022

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 Independent 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 2021 -22 is given in the table below:

(₹ in Lakhs)

Name of Director	Remuneration
Ms. Shilpa Pophale	128.4

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 2022

Name of Director	Category	Number of Equity shares held	Convertible Warrants
Ms. Shilpa Pophale	Promoter – Executive	36,500	Nil
Mr Sujit Natekar	Promoter – Non Executive	34,333	Nil
Mr. Mohan Tanksale	Independent – Non Executive	Nil	Nil
Mr. Ameya Bijoor	Nominee Director	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 & IT Strategy 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

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.

The Audit Committee met 4 times on — 7th June, 2021, 2nd September, 2021, 10th November, 2021 and 9th February, 2022.

Details of the Audit Committee

Name of the Member	Category	No. of Meetings held during tenure	No. of Meetings Attended
Mr. Mohan Tanksale	Independent Director	4	4
Mr. Ameya Bijoor	Nominee Director	4	4
Mr. Milind Limaye*	Independent Director	4	4

* Term completed w.e.f. 26th March, 2022

The Board has adopted an Audit Committee Charter which defines the composition of the Audit Committee, its authority, role, responsibilities and powers and reporting functions in accordance with the Act and Guidelines issued by RBI. As per Board mandate, Audit Committee mandatorily performs the following functions:

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

2. NOMINATION AND REMUNERATION COMMITTEE

a) Terms of reference

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

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria and recommend to the Board their approval and removal.
- Carry out the evaluation of 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 2022. During FY 2021-22, 3 Meetings of the Nomination and Remuneration Committee were held on the following dates: 8th June, 2021, 8th September, 2021 & 9th February, 2022. As on 31st March 2022, 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	3	3
Mr. Mohan Tanksale	Independent Director	3	3

* Term completed w.e.f. 26th March, 2022

3. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the Financial Year 2021-22, one Meeting of the Corporate Social Responsibility Committee was held on 29th October, 2021.

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 2021-22 is given below:

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

* Term completed w.e.f. 26th March, 2022

4. ASSET LIABILITY MANAGEMENT COMMITTEE

During Financial Year 2021-22, 3 meetings of the Asset Liability Management Committee were held on 20th August, 2021, 29th October, 2021 and 18th February, 2022

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 2021-22 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. Ameya Bijoor	Nominee Director	3	3
Mr. Mohan Tanksale	Independent Director	3	3

5. RISK MANAGEMENT COMMITTEE

During Financial Year 2021-22, 2 meetings of the Risk Management Committee were held on 20th August, 2021 and 25th March, 2022.

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 2021-22 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. Ameya Bijoor	Nominee Director	2	2
Mr. Mohan Tanksale	Independent Director	2	2

6. **IT STRATEGY COMMITTEE:**

During Financial Year 2021-22, 2 Meetings of the IT Strategy Committee were held on 29th October, 2021 and 25th March, 2022.

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 2021-22 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. Milind Limaye*	Independent Director	2	2
Mr. Ameya Bijoor	Nominee Director	2	2
Mr. Mohan Tanksale	Independent Director	2	2
Mr. Srinivas Rapelli	Chief Technology Officer & Chief Information Officer	2	2

*Terms completed w.e.f. 26th March, 2022

INDEPENDENT DIRECTOR MEETING

The meeting of the Independent Directors was held on 9th February, 2022 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.

Quarterly, Half Yearly & Annual results:

The unaudited Quarterly, 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.

The company has repaid all the listed NCDs during the year. As on 31st March, 2022. No NCDs were listed on BSE Ltd.

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.

  Mrs. Smita Sandhane was inducted on the Board as a Non–Executive, Non-Independent Director of the Company w.e.f. 28th April, 2022.

- **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: 26th August, 2022
Place: Pune

PURPOSE

Creating Success Stories for Businesses

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INDEPENDENT AUDITOR'S REPORT

To the Members of Electronica Finance Limited

Report on the Audit of Ind AS Financial Statements

1. **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, 2022, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

   In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

2. **Basis for Opinion**

   We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("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 Ind AS 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 opinion on Ind AS financial statements.

3. **Emphasis of Matter**

   We draw attention to Note 52 to the Ind AS financial statements, which describes the Management's assessment of the impact of the outbreak of Coronavirus (COVID-19). In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

4. **Information other than the Ind AS financial statements and Auditor's report thereon**

   The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual 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 our auditor's report.

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

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

   When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

5. **Management's responsibility 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 statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 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, Company's Board of Directors 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.

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

6. 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 Standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

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

i) 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.

ii) Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv) 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 ability of the Company 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 Ind AS 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.

v) 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.

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.

7. Report on Other Legal and Regulatory Requirements

i) As required by the Companies (Auditor's report) Order, 2020 ("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.

ii) As required by section 143 (3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of Ind AS Financial Statements.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow 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 Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, 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 with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of 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 the financial position in its Ind AS financial statements – Refer Note 37 to the Ind AS financial statements;

   i. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and

   ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iii. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

   (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

   (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   iv. The dividend declared and paid by the Company for financial year 2020-21 during the year is in compliance with provisions of Section 123 of the Companies Act, 2013.

   The Board of Directors have not recommended any Dividend for financial year 2021-2022.

8. Other Matter

The financial statements of the Company for the year ended March 31, 2021, included in these Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those Ind AS Financial Statements on April 21, 2021. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

For Mukund M. Chitale & Co.
Chartered Accountants
Firm Regn. No. 106655W

(S.M.Chitale)
Partner
M. No. 111383
UDIN: 22111383AMMOTD5415

Date: May 27, 2022
Place: Mumbai

Annexure 1 to the Independent Auditor's Report of even date on the Ind AS financial statements of Electronica Finance Limited

Referred to in paragraph [8(I)] under Report on Other Legal and Regulatory Requirements of our report of even date

According to the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, Capital Work in Progress, Right-of-use Assets and Investment Property.

B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a program of verification of Property, Plant and Equipment, Capital Work in-Progress, Investment Property and Right-of-use Assets so as to cover all the items once every 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain items of Property, Plant and Equipment were due for verification and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) The title deed of immovable property included in Property plant & equipment Investment Property is held in the name of the Company.

d) The Company has not revalued its Property, Plant and Equipment (including Right-of -Use assets) during the year.

e) No proceedings have been initiated or is pending against the Company during the year for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) a) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii)(a) of the Order, are not applicable to the Company.

b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks and financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns/statements filed by the Company with such banks and financial institutions are in agreement with the books of account of the Company of the respective quarters.

(iii) The Company has made investments in, provided guarantees (letter of comfort) and granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, in respect of which:

a) The Company's principal business is to give loans, and hence reporting under clause 3(iii)(a) of the Order is not applicable to the Company.

b) The principal business of the Company is to give loans. The investments made, guarantees provided (letter of comfort) and the terms and conditions of grant of all loans during the year are, in our opinion, prima facie, not prejudicial to the Company's interest. The Company has not provided any advances in the nature of loans or given security.

c) in respect of loans and advances in the nature of loans (together referred to as "loan assets"), the schedule of repayment of principal and payment of interest has been stipulated. Note 3.(d) to the financial statements explains the Company's accounting policy relating to impairment of financial assets which include loans assets. In accordance with that policy, loan assets with balances as at 31 March 2022, aggregating ₹3,296.64 lakhs were categorised as credit impaired ("Stage 3") and ₹2,300.76 lakhs were categorised as those where the credit risk has increased significantly since initial recognition ("Stage 2"). Disclosures in respect of such loans have been provided in Note 51 to the financial statements. Additionally, out of loans and advances in the nature of loans with balances as at 31 March 2022 aggregating ₹1,23,319.52 lakhs, where credit risk has not significantly increased since initial recognition (categorised as "Stage 1"), delinquencies in the repayment of principal and payment of interest aggregating ₹638.45 lakhs were also identified, albeit of less than 31 days. In all other cases, the repayment of principal and interest is regular as at 31 March 2022. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where delinquencies in the repayment of principal and interest have been identified.

d) In respect of following loans granted by the Company, which have been overdue for more than 90 days at the balance sheet date, as explained to us, the Management has taken reasonable steps for recovery of the principal amounts and interest:

No. of cases	Principal amount overdue	Interest overdue	Total overdue	Remarks, if any
358	Rs.1089.52 lakhs	Rs.502.96 lakhs	Rs.1592.48 lakhs	

e) The principal business of the Company is to give loans and hence reporting under clause (iii)(e) of the Order is not applicable.

f) The principal business of the Company is to give loans and hence reporting under clause (iii)(f) of the Order is not applicable.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, made investments or provided guarantees and securities which attract the provisions of section 185 and section 186 of the Act. Accordingly, clause 3(iv) of the Order is not applicable to the Company.

(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 is not applicable to the Company.

(vi) According to the information and explanations given to us, 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, income-tax, goods and service tax, employees' state insurance, cess and other material statutory dues have been regularly deposited with the appropriate authorities. As explained to us, the Company did not have any dues of excise duty, service tax, duty of customs and value added tax.

b) According to the information and explanations given to us, there were no undisputed dues in respect of provident fund, income-tax, goods and service tax, employees' state insurance, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues of excise duty, service tax, duty of customs and value added tax.

c) According to the records of the Company, the dues outstanding of income-tax, sales tax, goods and service tax, duty of customs, value added tax, service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs. Lakhs)	Period to which the amount relates [financial year]	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	1.73	April 2014 to March 2015	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	23.80	April 2015 to March 2016	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	20.71	April 2016 to March 2017	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax	90.80	April 2017 to March 2018	Commissioner of Income Tax (Appeals)

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.

(ix) a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to banks or financial institutions or government.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application of term loans.

d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e) The Company did not have any subsidiary or associate or joint venture during the year and hence reporting under clause (ix)(e) of the Order is not applicable to the Company.

f) The Company did not have any subsidiary or associate or joint venture during the year and hence reporting under clause (ix)(f) of the Order is not applicable to the Company.

(x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable to the Company.

b) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xi) a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report by the Statutory Auditors.

c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

(xii) The Company is not a nidhi company and hence reporting under clause 3 (xii)(a) to 3 (xii)(c) of the Order are not applicable to the Company.

(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 Ind AS financial statements, as required by the applicable accounting standards.

(xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date of our audit report, in determining the nature, timing and extent of our audit procedures.

(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 them as referred to in section 192 of the Act.

(xvi) a) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

b) The Company has conducted the Non-Banking Financial activities with a valid Certificate of Registration (CoR) from the Reserve Bank of India (RBI) as per the Reserve Bank of India Act, 1934. The Company has not conducted any Housing Finance activities and is not required to obtain CoR for such activities from the RBI.

c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under paragraph 3 (xvi)© is not applicable to the Company.

d) According to the information and explanations given by the management, the Group does not have any CIC as part of the group.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been resignation of the Statutory Auditors of the Company during the year and no objections or concerns have been raised by the outgoing auditors.

INDEPENDENT AUDITOR'S REPORT

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Mukund M. Chitale & Co.

Chartered Accountants

Firm Regn. No. 106655W

(S.M.Chitale)

Partner

M. No. 111383

UDIN: 22111383AMMOTD5415

Date: May 27, 2022

Place: Mumbai

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of Electronica Finance Limited

Referred to in paragraph [8(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date

Report on the Internal Financial Controls with reference to Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls with reference to Ind AS financial statements of Electronica Finance Limited ("the Company") as of March 31, 2022 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

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Ind AS financial statements 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India" (ICAI). 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the 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 with reference to 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 system with reference to Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to Ind AS financial statements included obtaining an understanding of internal financial controls with reference to 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 judgment, 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 Company's internal financial controls system with reference to Ind AS financial statements.

Meaning of Internal Financial Controls with reference to Ind AS financial statements

4. A company's internal financial control with reference to 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 with reference to 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 with reference to Ind AS financial statements

5. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future

periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

6. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, 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 Mukund M. Chitale & Co.

Chartered Accountants

Firm Regn. No. 106655W

(S.M.Chitale)

Partner

M. No. 111383

UDIN: 22111383AMMOTD5415

Date: May 27, 2022

Place: Mumbai

BALANCE SHEET AS AT MARCH 31, 2022

efl ... by your side

(₹ in Lakhs)

Particulars	Note No	For the year ended	
		March 31, 2022	March 31, 2021
ASSETS			
Financial Assets			
Cash and cash equivalents	4	8,967.27	2,402.14
Bank balances other than cash and cash equivalents	5	8,666.41	1,404.20
Receivables			
Trade receivables	6	-	-
Other receivables	6	-	86.72
Loans	7	126,093.08	97,458.86
Investments	8	5.94	18.11
Other financial assets	9	756.18	849.38
Non financial assets			
Current tax assets (net)	10	356.37	211.16
Deferred tax assets (net)	11	920.86	892.89
Investment property	12	1,055.11	622.49
Property, plant and equipment	13	6,495.24	5,773.06
Capital work in progress	13	96.60	96.60
Intangible assets	13	127.14	119.89
Other non financial assets	14	508.18	826.20
Total assets		**154,048.38**	**110,761.70**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Payables			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	15	-	-
Total outstanding dues of other than micro enterprises and small enterprises	15	-	-
Other payables			
Total outstanding dues of micro enterprises and small enterprises	15	-	-
Total outstanding dues of other than micro enterprises and small enterprises	15	99.25	137.01
Debt securities	16	16,443.52	13,899.58
Borrowings (Other than debt securities)	17	91,398.90	58,954.63
Sub ordinated liabilities	18	-	499.28
Other financial liabilities	19	23,248.88	17,548.21
Non financial liabilities			
Current tax liabilities (net)	20	1,110.74	832.69
Provisions	21	195.11	176.31
Other non financial liabilities	22	63.86	34.88
Equity			
Equity share capital	23	2,253.46	2,253.46
Other equity	24	19,234.66	16,425.65
Total liabilities and equity		**154,048.38**	**110,761.70**
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 Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

(S. M. Chitale)
Partner
Membership No.111383

Place: Mumbai
Date: May 27, 2022

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

Mr. Jagdish Bhoir
Chief Financial Officer

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: May 27, 2022

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Note No	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from operations			
Interest income	25	19,027.22	15,169.60
Fees and commission income	26	291.15	218.23
Net gain on sale of financial assets at amortised cost	27	566.33	1,180.07
Sale of services	28	31.10	26.15
Recoveries of financial assets written off	29	101.71	27.82
Net gain on fair value changes	30	545.32	212.87
Total revenue from operations		**20,562.83**	**16,834.74**
Other income	31	602.72	386.24
Total income		**21,165.55**	**17,220.98**
Expenses			
Finance costs	32	7,337.40	7,082.89
Customer loyalty bonus	33	1,785.12	1,179.00
Impairment on financial instruments	34	887.76	994.54
Employee benefit expenses	35	4,871.09	3,383.35
Depreciation and amortisation expenses	13A	433.91	427.60
Other expenses	36	1,964.25	1,157.30
Total expenses		**17,279.53**	**14,224.68**
Profit before tax		**3,886.02**	**2,996.30**
Tax expense:			
Current tax	11	1,016.57	919.18
Deferred tax	11	(23.28)	(154.37)
Total Tax expense		**993.29**	**764.81**
Profit after tax		**2,892.73**	**2,231.49**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit and loss:			
Remeasurement losses on defined benefit plans		18.67	17.33
Tax impact on above		4.70	(4.51)
Other comprehensive loss for the year (net of tax)		**23.37**	**12.82**
Total comprehensive income for the year		**2,916.10**	**2,244.31**
Earnings per share (Nominal value per share Rs.)			
Basic		12.84	9.90
Diluted		9.95	7.70
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 Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

(S. M. Chitale)
Partner
Membership No.111383

Place: Mumbai
Date: May 27, 2022

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

Mr. Jagdish Bhoir
Chief Financial Officer

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: May 27, 2022

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

a. Equity Share Capital

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2022	March 31, 2021
Balance at the beginning of the year	23	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: Securities premium	Retained earnings	Reserve fund as per RBI	General reserve	Capital reserves	Capital redemption reserve	Employee stock options outstanding	Total Other equity
Balance as on April 01, 2020	**24**	**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**
Changes in equity share capital/ other equity due to prior period errors		-	-	-	-	-	-	-	**-**
Restated balance at the beginning of the current reporting period.		-	-	-	-	-	-	-	**-**
Balance as at March 31, 2021		**261.77**	**10,216.00**	**3,613.96**	**2,230.24**	**6.76**	**4.89**	**92.02**	**16,425.65**
Profit after tax		-	2,892.73	-	-	-	-	-	**2,892.73**
Other comprehensive income (net of taxes)		-	23.37	-	-	-	-	-	**23.37**
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(578.55)	578.55	-	-	-	-	**-**
Share based payment to employees - charge for the year		-	-	-	-	-	-	17.48	**17.48**
Dividend and related distribution tax		-	(124.57)	-	-	-	-	-	**(124.57)**
Changes in equity share capital /other equity due to prior period errors		-	-	-	-	-	-	-	**-**
Restated balance at the beginning of the current reporting period.		-	-	-	-	-	-	-	**-**
Balance as at March 31, 2022	**24**	**261.77**	**12,428.98**	**4,192.51**	**2,230.24**	**6.76**	**4.89**	**109.50**	**19,234.66**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

(S. M. Chitale)
Partner
Membership No.111383

Place: Mumbai
Date: May 27, 2022

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

Mr. Jagdish Bhoir
Chief Financial Officer

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: May 27, 2022

STATEMENT OF CASH FLOW

for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021
Cash flows from operating activities		
Profit before tax	3,886.02	2,996.30
Adjustments for:		
Depreciation and amortisation	433.91	427.60
Loss / (profit) on sale of fixed assets	-	(8.11)
Impairment on financial instruments	322.57	460.70
Loans and other balances written off	565.19	569.91
Stock option expenditure	17.48	43.12
Dividend income	(0.01)	(0.02)
Income from shares & mutual funds	(59.67)	(68.96)
Interest on margin money deposits	(94.13)	(38.65)
Net gain on fair value changes	(1,111.65)	(1,392.94)
Finance cost	7,337.40	7,082.89
Operating profit before working capital changes	**11,297.11**	**10,071.84**
Movements in working capital		
(Increase)/decrease in trade receivables	86.72	-
(Increase)/decrease in loans	(29,521.98)	(18,184.13)
(Increase)/decrease in other financial assets	638.52	974.40
(Increase)/decrease in other non-financial assets	318.02	(158.98)
Increase/(decrease) in other payables	(37.76)	-
Increase/(decrease) in other financial liabilities	5,956.11	3,699.85
Increase/(decrease) in provisions	37.47	63.85
Increase/(decrease) in other non-financial liabilities	28.98	(85.38)
Cash generated from / (used in) operations	**(11,196.81)**	**(3,618.55)**
Direct taxes paid (net of refunds)	(883.73)	(727.84)
Net cash flows used in operating activities (A)	**(12,080.54)**	**(4,346.39)**
Cash flows from investing activities		
Purchase of property, plant and equipment (incl. capital work-in-progress)	(1,119.20)	(116.25)
Purchase of intangible assets	(446.73)	(57.28)
Proceeds from maturity of fixed deposits	(44.69)	718.79
Payments towards fixed deposits	10,880.69	(691.10)
Proceeds from sale of property, plant and equipment	(18,048.77)	10.09
Proceeds from sale of investments	35,631.53	12,388.96
Purchase of investments	(35,619.36)	(12,320.00)
Dividend received	0.01	0.02
Income from mutual funds	59.67	-
Net cash flows (used in)/ from investing activities (B)	**(8,706.85)**	**(66.77)**
Cash flows from financing activities		
Repayment of debt securities (Including Interest)	(8,768.96)	(5,391.61)
Repayment of borrowings other than debts securities (Including Interest)	(29,738.58)	(24,852.62)
Proceeds from debts securities	9,307.50	6,500.00
Proceeds from borrowing issued	56,866.51	25,290.00
Proposed dividend and related distribution tax	(124.57)	-
Payment of lease liability	(189.38)	(160.71)
Net cash flows from / (used in) financing activities ©	**27,352.52**	**1,385.06**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**6,565.13**	**(3,028.11)**
Cash and cash equivalents at the beginning of the year	2,402.14	5,430.25
Cash and cash equivalents for the period/ end of the year	**8,967.27**	**2,402.14**
Components of cash and cash equivalents	**March 31, 2022**	**March 31, 2021**
Cash and cash equivalents at the end of the year		
i) Cash on hand	2.26	1.01
ii) Balances with banks - in current accounts	8,965.01	2,401.13
Total	**8,967.27**	**2,402.14**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

(S. M. Chitale)
Partner
Membership No.111383

Place: Mumbai
Date: May 27, 2022

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

Mr. Jagdish Bhoir
Chief Financial Officer

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: May 27, 2022

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

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.

The financial statements for the year ended March 31, 2022 were approved by the company's board of directors and authorized for issue on May 27, 2022.

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 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.

b. For the year ended 31 March 2022, the Company had prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the NBFC Master Directions. These financial statements for the year ended March 31, 2022 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 a revision 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 estimatpes 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 estimate is 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)., 46, 47 & 51]
- Effective Interest Rate (EIR) [Refer note no. 3.d(I)]
- Impairment on financial assets [Refer note no. 3.d(I), 7,&34]
- Provisions and other contingent liabilities [Refer note no. 3.t.& 37]
- Provision for tax expenses [Refer note no. 3.p.]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.h.]

During the year the Company has implemented new ERP package Finn one and Sun GL effective from 1st August 2021. The Books of accounts upto31st July 2021 have been maintained under the old system and thereafter under the new system. The business related aspects of the new system have been implemented in a phased manner.

The issues arising out of migration of accounting system including certain transactions arising out of bank reconciliation have been incorporated based on available information and additional rectification effects will be recorded based on availability of adequate evidence in due course.

Key business processes in respect of loans to customers, recoveries made, cash collaterals from customers use various sub-systems, the output from which is being used for accounting in the financial package maintained by the Company wherein certain reconciliations between the sub-systems and the general ledger could not be performed completely and the same is still in progress. Balances pertaining to these areas have been considered in the books of accounts on the basis of alternate evidence/information as available with the management.

Consequently, the impact thereof, including with respect to compliance of legal and other requirements/ guidelines, is considered to be not material.

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) Leasing Business

The income on account of rentals are recognised on accrual basis, provided no uncertainty exists with respect to its collection.

Income in cases where possibility of recovery has been considered to be remote, including on non-performing assets as determined as per Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended has been accounted for to the extent realised. The company is following different provisioning norms which is more conservative than the Master Directions issued by the RBI.

(iii) 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 spread (“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 upfront 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 as 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 insignificant 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.

Upfront 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 ascertained 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. 51.

(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.

(ii) 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in other income / expense 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 accumulated 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. 46 and 47.

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.

v. Fair value measurements

The income on account of rentals are recognised on accrual basis, provided no uncertainty exists with respect to its collection.

Income in cases where possibility of recovery has been considered to be remote, including on non-performing assets as determined as per Master Direction - Non-Banking Financial Company –Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016, as amended has been accounted for to the extent realised. The company is following different provisioning norms which is more conservative than the Master Directions issued by the RBI.

4. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Cash on hand	2.26	1.01
Balance with banks -		
- in current accounts	8,965.01	2,401.13
Total	**8,967.27**	**2,402.14**

5. Bank balances other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Fixed deposits with bank	7,002.11	0.68
Balances with banks to the extent held as margin money or security against the borrowings,		
guarantees, other commitments	1,664.30	1,403.52
Total	**8,666.41**	**1,404.20**

6. Receivables

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Trade receivables		
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables -credit impaired	-	-
Gross	**-**	**-**
Less: Allowances for impairment loss on credit impaired trade receivables	-	-
Net	**-**	**-**
Other receivables		
Other receivables considered good-secured	-	-
Other receivables considered good-unsecured	-	86.72
Other receivables which have significant increase in credit risk	-	-
Other receivables -credit impaired	-	-
Gross	**-**	**86.72**
Less: Allowances for impairment loss on credit impaired other receivables	-	-
Net	**-**	**86.72**

As at 31.03.2022

Particulars	Outstanding for following periods from due date of payments					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables- considered good	-	-	-	-	-	-
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

(Amount in Rs.)
As at 31.03.2022

Particulars	Outstanding for following periods from due date of payments					
	Less than 6 months	6 months to 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade Receivables- considered good	86.72	-	-	-	-	86.72
(ii) Undisputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables- credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables- which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables- credit impaired	-	-	-	-	-	-
Total	**86.72**	**-**	**-**	**-**	**-**	**86.72**

7. Loans

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
At amortised cost		
(A) Term loans	128,916.92	99,960.13
Less: Impairment allowance	(2,823.84)	(2,501.27)
Total (A)	**126,093.08**	**97,458.86**
(B) Out of the above		
(I) Secured (Against hypothecation of equipments, plant & machinery, book debts and equitable/ registered mortgage of immovable properties, etc.)	127,186.63	96,616.22
Less: Impairment allowance	(2,565.55)	(2,129.23)
Sub total (I)	**124,621.08**	**94,486.99**
(II) Unsecured	1,730.29	3,343.91
Less: Impairment allowance	(258.29)	(372.04)
Sub total (II)	**1,472.00**	**2,971.88**
Total (I+II)	**126,093.08**	**97,458.87**
(C) Out of the above		
(I) Within India	128,916.92	99,960.13
Less: Impairment allowance	(2,823.84)	(2,501.27)
Sub total (I)	**126,093.08**	**97,458.86**
(II) Outside India	-	-
Total (I+II)	**126,093.08**	**97,458.86**
(D) Out of the above		
(I) to public sector/government entities	-	-
(II) others	128,916.92	99,960.13
Less: Impairment allowance	(2,823.84)	(2,501.27)
Sub total (II)	**126,093.08**	**97,458.86**
Total (I+II)	**126,093.08**	**97,458.86**
(E) Out of the above		
(I) Due from related parties	-	60.56
Less: Impairment allowance	-	(0.27)
Sub total (I)	**-**	**60.29**
(II) Others	128,916.92	99,899.57
Less: Impairment allowance	(2,823.84)	(2,501.00)
Sub total (II)	**126,093.08**	**97,398.57**
Total (I+II)	**126,093.08**	**97,458.86**

- 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	As At	
	March 31, 2022	March 31, 2021
Stage 1		
Gross carrying value	123,319.52	94,792.93
Less: Impairment allowance*	(916.66)	(544.57)
Net carrying value (A)	**122,402.86**	**94,248.36**
Stage 2		
Gross carrying value	2,300.76	2,339.74
Less: Impairment allowance*	(270.63)	(366.46)
Net carrying value (B)	**2,030.14**	**1,973.29**
Stage 3		
Gross carrying value	3,296.64	2,827.46
Less: Impairment allowance*	(1,636.55)	(1,590.25)
Net carrying value (C)	**1,660.09**	**1,237.21**
Total		
Gross carrying value	128,916.92	99,960.13
Less: Impairment allowance*	(2,823.84)	(2,501.27)
Net carrying value (A+B+C)	**126,093.08**	**97,458.86**

***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 on loans. This overlay is for Mar'21 only.

Analysis of changes in the gross carrying amount and corresponding ECL allowances in relation to loans is as follows

(₹ in Lakhs)

Particulars	As at March 31, 2022							
	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, 2021	**94,792.93**	**544.57**	**2,339.74**	**366.45**	**2,827.46**	**1,590.25**	**99,960.14**	**2,501.28**
Transfers during the year								
transfers to Stage 1	2,465.51	645.94	(1,663.36)	(228.39)	(802.15)	(417.55)	-	-
transfers to Stage 2	(1,450.81)	(9.09)	1,514.26	42.04	(63.45)	(32.95)	-	-
transfers to Stage 3	(1,031.04)	(8.99)	(403.19)	(57.25)	1,434.23	66.24	-	-
Impact of changes in credit risk on account of stage movements	-	(202.03)	-	186.58	-	523.28	-	825.55
Changes in opening credit exposures (additional disbursement net of repayments)	(46,015.46)	(616.60)	(991.83)	(176.02)	204.33	376.37	(46,803.02)	(734.00)
New credit exposures during the year, net of repayments	74,558.39	562.88	1,505.14	137.21	261.40	96.10	76,324.99	796.20
Amounts written off during the year	-	-	-	-	(565.19)	(565.19)	(565.19)	(565.19)
as at March 31, 2022	**123,319.52**	**916.66**	**2,300.76**	**270.63**	**3,296.64**	**1,636.55**	**128,916.92**	**2,823.84**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

(₹ 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**	**99,960.14**	**2,501.28**

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Net impairment loss allowance charge for the year	322.57	460.70
Amounts written off during the year	565.19	533.84
Impairment on loans	-	-
Add: Impairment on other assets	-	-
Impairment on financial instruments	**887.76**	**994.54**

8. Investments

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Investments carried at fair value through profit and loss account		
(A) In equity instruments		
In equity instruments	**5.94**	**18.11**
7500 (March 31, 2021 :7500) equity shares of J. M. Financials Limited of Rs.1 each fully paid up	5.07	6.34
617 (March 31, 2021: 617) equity shares of Indian Seamless Enterprises Limited of Rs.10 each fully paid up	0.31	0.06
280 (March 31, 2021: 280) equity shares of Electronica Machine Tools Limited of Rs.10 each fully paid up	0.21	0.21
6751 (March 31, 2021: 6611) of equity shares of Electronica Industries Limited of Rs.10 each fully paid up	-	11.10
1000 (March 31, 2021: 1000) equity shares of The Saraswat Co-operative Bank Ltd of Rs.10 each fully paid up	0.10	0.10
250 (March 31, 2021: 250) equity shares of The Rajashri Shahu Sahakari Bank Ltd each fully paid up	0.25	0.25
7546 (March 31, 2021: 7546) preference shares of Electronica Tungsten Limited of Rs.100 each fully paid up	-	0.05
Total	5.94	18.11
* Out of the above		
- Within India	5.94	18.11
- Outside India	-	-
Total	**5.94**	**18.11**

9. Other financial assets

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Security deposits	124.81	95.01
Retained interest on assets assigned	631.37	583.92
Inter Corporate Deposit	-	50.59
Ex-Gratia Receivable from Central Government	-	119.86
Total	**756.18**	**849.38**

10. Current tax asset

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Advance income tax (Net of provisions of Rs. 22.66 lakhs)	356.37	211.16
Total	**356.37**	**211.16**

11. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Deferred tax asset		
Disallowance u/s 43B of Income tax Act, 1961	32.68	37.78
EIR impact on financial instruments measured at amortised cost	789.02	737.22
Loyalty Bonus provision	311.05	230.36
Impairment on financial instruments	532.76	498.32
Employee Stock Options issued	27.56	25.20
Remeasurement of Actuarial losses through OCI	-	3.58
Leases	5.92	5.74
Other temporary differences	11.68	11.68
Less:		
Deferred tax liability		
Depreciation / amortization charged for the financial reporting	(65.75)	(54.55)
Fair valuation of cash collateral	(445.20)	(384.65)
Service asset on derecognition of financial assets	(158.90)	(146.96)
EIR impact on financial instruments measured at amortised cost	(103.90)	(33.41)
Fair Valuation of Investments	(1.06)	(1.32)
Remeasurement of Actuarial losses through OCI	(1.12)	-
Other temporary differences	(14.41)	(36.10)
Total	**920.86**	**892.89**

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	As At	
	March 31, 2022	March 31, 2021
Accounting profit before tax	3,886.02	2,996.30
At India's statutory income tax rate of 25.17% (2021: 25.17%)	978.03	754.11
Tax impact due to revaluation of deferred tax due to change in Income tax rate	-	-
Tax on income not subject to tax	(0.01)	(0.01)
Tax on expenditure not considered for tax	20.51	22.84
Tax on additional deductions	(5.24)	(12.13)
Income tax expense reported in the statement of profit and loss	**993.29**	**764.81**

- 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, 2022.
- The effective income tax rate for the financial year ended on March 31, 2022 is 25.57% (March 31, 2021 : 25.53%).

b. Deferred Tax

Changes in deferred tax recorded in profit and loss account:

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Disallowance u/s 43B of Income tax Act, 1961	5.10	(20.93)
EIR impact on financial instruments measured at amortised cost	(51.80)	(109.72)
Loyalty Bonus provision	(80.69)	(72.19)
Depreciation / amortization charged for the financial reporting	(34.44)	35.75
Impairment on financial instruments	(2.36)	(128.65)
Leases	3.58	30.93
Fair valuation of cash collateral	(0.18)	51.85
Service asset on derecognition of financial assets	0.00	36.08
EIR impact on financial instruments measured at amortised cost	-	11.56
Employee Stock Options issued	-	(25.20)
Fair Valuation of Investments	-	1.32
Other temporary differences	11.20	34.83
Fair valuation of cash collateral	60.55	-
Service asset on derecognition of financial assets	11.94	-
EIR impact on financial instruments measured at amortised cost	70.49	-
Fair Valuation of Investments	(0.26)	-
Remeasurement of Actuarial losses through OCI	4.70	-
Other temporary differences	(21.11)	-
Total	**(23.28)**	**(154.37)**

Changes in deferrd tax assets recorded in other comprehensive income

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Deferred tax relates to following		
Remeasurement of Actuarial (gain)/loss through OCI	(4.70)	4.51
Total	**(4.70)**	**4.51**

11. Investment property

(₹ in Lakhs)

Particulars	Amount
Cost	
at April 01, 2020	**137.93**
Additions	551.55
Disposals	-
Adjustments	-
at March 31, 2021	**689.48**
Additions	446.73
Disposals	-
Adjustments	-
at March 31, 2022	**1,136.21**

(₹ in Lakhs)

Particulars	Amount
depreciation	
at April 01, 2020	**21.08**
Charge for the year	2.15
Disposals	-
Adjustments	43.75
at March 31, 2021	**66.99**
Charge for the year	14.11
Disposals	-
Adjustments	-
at March 31, 2022	**81.10**

Net Block	
at March 31, 2021	**622.49**
at March 31, 2022	**1,055.11**

i. Amount recognised in profit and loss for investment properties

(₹ in Lakhs)

Particulars	for the year ended	
	March 31, 2022	March 31, 2021
Rental income	22.28	7.28
Direct operating expenses from property that generated rental income	1.16	-
Profit from Investment property before depreciation	23.44	7.28
Depreciation for the year	(14.11)	(2.15)
Profit from Investment property after depreciation	9.33	5.13

ii. Fair Value

(₹ in Lakhs)

Particulars	as at	
	March 31, 2022	March 31, 2021
Investment property	1,338.11	747.79

As at	Carrying value	Fair value measurement using			Total
		Quoted prices in active	Significant observable inputs	Significant unobservable inputs	
		(Level 1)	(Level 2)	(Level 3)	
MMarch 31, 2022	1,055.11	-	-	1,338.11	1,338.11
March 31, 2021	622.49	-	-	747.79	747.79

Estimation of Fair value

Investment properties leased out by the company are cancellable leases. Fair value of the investment property as on 31st March 2022 is based on the valuation by a registered valuer as defined in rule 2 of Companies (Registered Valuers & Valuations) Rules, 2017.As on 31st March 2021, the best estimation of fair value is on the basis of market rates prevailing for similar properties in those location determined by an independent registered valuer. But due to Covid-19 pandemic, the management was unable to get 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

13. 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	Leased Asset	Total	Software	Total
Cost												
at April 01, 2020	1,389.96	3,903.74	298.98	185.84	360.14	997.18	115.98	473.04	-	7,724.86	411.08	411.08
Additions	-	70.04	-	32.86	-	4.42	0.09	83.91	-	191.33	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**	**3,422.24**	**298.98**	**218.70**	**360.06**	**1,001.60**	**78.17**	**523.97**	**-**	**7,293.67**	**468.36**	**468.36**
Additions	-	28.58	-	164.53	15.27	49.09	-	422.46	439.25	1,119.18	44.70	44.70
Disposals	-	-	-	-	-		-	14.41	-	14.41	-	-
Adjustments *	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2022	**1,389.96**	**3,450.82**	**298.98**	**383.23**	**375.33**	**1,050.69**	**78.17**	**932.02**	**439.25**	**8,398.44**	**513.06**	**513.06**
Depreciation												
at April 01, 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**
Charge for the year	-	49.56	7.19	52.53	41.52	78.26	8.78	142.53	1.99	382.36	37.44	37.44
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments *	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2022	**-**	**241.28**	**78.38**	**195.96**	**266.00**	**369.25**	**25.90**	**519.96**	**1.99**	**1,698.72**	**385.00**	**385.00**
Impairment loss												
at April 01, 2020	-	-	126.73	-	2.82	74.93	-	-	-	204.48	0.91	0.91
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2021	**-**	**-**	**126.73**	**-**	**2.82**	**74.93**	**-**	**-**	**-**	**204.48**	**0.91**	**0.91**
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2022	**-**	**-**	**126.73**	**-**	**2.82**	**74.93**	**-**	**-**	**-**	**204.48**	**0.91**	**0.91**
Net Block												
at March 31, 2021	**1,389.96**	**3,230.52**	**101.06**	**75.27**	**132.76**	**635.67**	**61.05**	**146.54**	**-**	**5,773.06**	**119.89**	**119.88**
at March 31, 2022	**1,389.96**	**3,209.54**	**93.87**	**187.27**	**106.51**	**606.50**	**52.27**	**412.06**	**437.26**	**6,495.24**	**127.14**	**127.14**

* Note:1. During the previous 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.

Note:2.The Company confirms that the title deeds of immovable properties are held in the name of the Company.

13. Capital work in progress
Note 11.2: Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March 2022				
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Capital work in progress - Building	-	-	-	96.60	96.60
Total	**-**	**-**	**-**	**96.60**	**96.60**

(₹ in Lakhs)

Particulars	As at 31st March 2021				
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Capital work in progress - Building			96.60	-	96.60
Total	**-**	**-**	**96.60**	**-**	**96.60**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

13A. Depreciation and Amortisation charges

Particulars	for the year ended	
	March 31, 2022	March 31, 2021
Depreciation on Property Plant and Equipment	382.36	391.33
Depreciation on Intangible Assets	37.44	34.12
Depreciation on Investment Property	14.11	2.15
Total	**433.91**	**427.60**

14. Other non financial assets

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Prepaid expenses	171.32	285.82
GST input and receivables	60.54	-
Advance to suppliers	198.92	96.53
Asset acquired in satisfaction of debts	-	396.99
Others	77.40	46.86
Total	**508.18**	**826.20**

15. Payables

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
(I) Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of other than micro enterprises and small enterprises	-	-
Total	**-**	**-**
(II) Other payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of other than micro enterprises and small enterprises	99.25	137.01
Total	**99.25**	**137.01**

As at 31.03.2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	99.25	-	-	-	99.25
(iii) Disputed MSME	-	-	-	-	-
(iv) Disputed Others	-	-	-	-	-
TOTAL	**99.25**	**-**	**-**	**-**	**99.25**

As at 31.03.2021

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payments				
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	137.01	-	-	-	137.01
(iii) Disputed MSME	-	-	-	-	-
(iv) Disputed Others	-	-	-	-	-
TOTAL	**137.01**	**-**	**-**	**-**	**137.01**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Disclosure with regards to Micro and Small enterprises

Disclosure of sundry creditors under current liabilities is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" (the Act). There are no delays in payment made to such suppliers and there is no overdue amount outstanding as at the Balance sheet date. Relevant disclosures as required under the Act are as follows:

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
a i) Principal amount remaining unpaid to supplier under the MSMED Act 2006	-	-
a ii) Interest on a) (i) above	-	-
b i) Amount of Principal paid beyond the appointed Date	-	-
b ii) Amount of interest paid beyond the appointed date (as per Section 16 of the said Act)	-	-
c) Amount of Interest due and payable for the period of delay in making payment, but without adding the interest specified under section 16 of the said Act	-	-
d) Amount of Interest accrued and due	-	-
e) Amount of further interest remaining due and payable Even in succeeding years	-	-

16. Debt securities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
A. At amortised cost		
Debentures		
10.30% (March 31, 2021 : Nil)Secured, Redeemable, Non-convertible Debentures redeemable in instalments of Rs. 33,74,66,250 plus 1 installment of Rs. 33,750 payable on March 13, 2026.	3,356.43	-
118650 (March 31, 2021 : NIL) '11.25% Subordinated, Redeemable, Non-Convertible Debentures redeemable at par in 3 annual instalments of Rs. 19,77,30,225 , Rs. 19,77,59,888, Rs. 19,77,40,112 plus 1 instalment of Rs. 19,776 on June 30, 2027.	6,079.09	-
NIL (March 31, 2021 : 350) 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
NIL (March 31, 2021 : 300) 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, 2021: 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.	7,008.00	7,003.17
Total	**16,443.52**	**13,899.58**
B. Out of the above		
- Secured under hypothecation of loans receivables	10,364.43	13,899.58
- Unsecured	6,079.09	-
Total	**16,443.52**	**13,899.58**
C. Out of the above		
- In India	9,435.52	6,896.41
- Outside India	7,008.00	7,003.17
Total	**16,443.52**	**13,899.58**

Terms of repayment of non-convertible debentures (NCDs) as at March 31, 2022

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					
Upto 1 year	-	-	-	-	-
1 - 2 years	-	-	-	-	-
2 - 3 years	-	-	3,374.66	0.34	3,375.00
3 - 4 years	-	1,977.30	1,977.60	1,977.60	5,932.50
More than 4 years	3,500.00	3,498.82	-	-	6,998.82
Interest accrued and impact of EIR					137.21
Total	3,500.00	5,476.12	5,352.26	1,977.94	16,443.53

– Interest rate ranges from 10.30% p.a to 11.35% p.a as at March 31, 2022

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	-	-	-	-	-
More than 4 years	-	3,500.00	3,498.38	-	6,998.38
Interest accrued and impact of EIR			-	-	401.20
Total	6,500.00	3,500.00	3,498.38	-	13,899.58

– Interest rate ranges from 9.5% to 11.35% as at March 31, 2021

17. Borrowings (other than debt securities)

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
(A) At amortised cost		
Indian rupee loan from banks	72,046.05	37,906.85
Indian rupee loan from financial institutions	6,123.37	5,499.39
Sub-total (A)	**78,169.42**	**43,406.24**
(B) At fair value through profit & loss		
Compulsory Convertible Preference Shares (CCPS)*	10,659.20	10,607.93
Sub-total (B)	**10,659.20**	**10,607.93**
(C) Loans repayable on demand		
Cash credit from banks	2,036.04	4,255.59
Working capital demand loan	534.24	684.87
Sub-total (B)	**2,570.28**	**4,940.46**
Total (A+B)	**91,398.90**	**58,954.63**
(C) Out of the above		
- Within India	91,398.90	58,954.63
- Outside India	-	-
Total (C)	**91,398.90**	**58,954.63**
(D) Out of the above		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)	91,398.90	58,269.76
- Unsecured	-	684.87
Total (D)	**91,398.90**	**58,954.63**

The quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of accounts. The company has used the borrowings from banks and financials institutions for the specific purpose for which it was taken at the balance sheet date.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Terms of repayment of term loans from banks & financial institution and working capital demand loans as at March 31, 2022

Original Maturity of loan	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		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	-	-	-	-	-	-	-	-	-
2 - 3 year	93	4,631.03	55	3,328.22	14	1,351.12	-	-	9,310.37
3 - 4 years	84	3,538.47	72	3,149.53	71	3,142.37	54	2,195.46	12,025.83
More than 4 years	255	10,963.13	232	9,669.45	171	7,671.22	160	8,163.05	36,466.85
Quarterly									
upto 1 year	2	2,000.00	-	-	-	-	-	-	2,000.00
2 - 3 year	4	833.33	4	833.33	4	851.90	-	-	2,518.56
3 - 4 years	12	1,203.35	12	1,197.38	8	805.00	1	125.00	3,330.73
More than 4 years	15	2,968.27	11	2,807.38	8	2,666.66	13	4,111.12	12,553.43
On Maturity									
upto 1 year	7	534.24	-	-	-	-	-	-	534.24
Interest accrued and impact of EIR									(36.36)
Total	**472**	**26,671.82**	**386**	**20,985.29**	**276**	**16,488.27**	**228**	**14,594.63**	**78,703.65**

– Interest rate ranges from 5.75% p.a to 11.50% p.a as at March 31, 2022

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

Original Maturity of loan	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		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 and 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**

– Interest rate ranges from 6.32% p.a to 11.50% p.a as at March 31, 2021

18. Sub ordinated liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
A. At amortised cost		
Non-banking Financial Companies		
250 (March 31, 2019 : 250),14.50% Subordinated, Redeemable, Non-Convertible Debentures of face value of Rs.1,000,000 each redeemable at par in 5 equal annual instalments of Rs. 40,000,000 each plus 1 instalment of Rs. 50,000,000 on September 30, 2021.	-	499.28
Total (A)	**-**	**499.28**
B. Out of the above		
- Within India	-	499.28
- Outside India	-	-
Total (B)	**-**	**499.28**
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
Total (C)	**-**	**499.28**

Terms of repayment as at March 31, 2022

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	-	-	-	-	-
Interest accrued and impact of EIR	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**

Terms of repayment as at March 31, 2021

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

19. Other financial liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Cash collateral	13,226.48	11,202.61
Unrecognised Fair value gain (Liability)	325.67	551.38
Employee benefits payables	138.26	151.78
Unpaid dividend	4.04	3.30
Payable towards assignment / securitisation transactions	1,048.26	1,290.04
Advance from customers	603.75	787.57
Payable to customers / borrowers	6,067.79	3,225.34
Insurance premium payable against machine / transit insurance	0.45	0.45
Other financial liabilities	1,398.59	166.38
Lease Liability (Note 42)	435.59	169.36
Total	**23,248.88**	**17,548.21**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

20. Current tax liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	**March 31, 2021**
Provision for taxation (net of advance tax Rs. 415.75 lakhs)	1,110.74	832.69

21. Provisions

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	**March 31, 2021**
Provision for employee benefits		
Provision for gratuity (refer note 44)	86.64	65.98
Provision for leave benefits (refer note 44)	108.47	110.33
Total	**195.11**	**176.31**

22. Other non financial liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	**March 31, 2021**
Statutory dues payable	63.86	34.88
Total	**63.86**	**34.88**

23. Equity share capital

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	**March 31, 2021**
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 : NIL) 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, 2022		March 31, 2021	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Shares outstanding at the beginning of the period	22,534,645	2,253.46	22,534,645	2,253.46
Issued during the period	-	-	-	-
Shares outstanding at the end of the period	**22,534,645**	**2,253.46**	**22,534,645**	**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, 2022		March 31, 2021	
	No. of Shares	% holding	No. of Shares	% 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. Disclosure of shareholding of promoters

Disclosure of shareholding of promoters as at March 31, 2022 is as follows:

(₹ in Lakhs)

Particulars	March 31, 2022		March 31, 2021		% change
	No. of Shares	% holding	No. of Shares	% holding	during the year
Mr. Shrikant Raghunath Pophale	1,467,869	6.51%	1,467,869	6.51%	0.00%
Mrs. Mugdha Rahul Kaskhediker	22,000	0.10%	22,000	0.10%	0.00%
Ms. Shilpa Pophale	36,500	0.14%	36,500	0.14%	0.00%
Mrs. Priya Dharmadhikari	30,500	0.13%	30,500	0.13%	0.00%
Mrs. Manisha Pophale	143,620	0.64%	143,620	0.64%	0.00%
Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%	0.00%
Mr. Adwait Dharmadhikari	500	0.00%	500	0.00%	0.00%
Mr. Rahul Kaskhediker	33,834	0.15%	33,834	0.15%	0.00%
Mr. Shashikant Dharmadhikari	500	0.00%	500	0.00%	0.00%
Adwait Dharmadhikari (HUF)	33,833	0.15%	33,833	0.15%	0.00%
Mr. Sharad Natekar	1,000	0.00%	1,000	0.00%	0.00%
Sujit Natekar (HUF)	500	0.00%	500	0.00%	0.00%
M/s Electronica Hi Tech Machine Tools Private Limited	100,000	0.44%	100,000	0.44%	0.00%
M/s Electronica Industries Limited	10,517,125	46.67%	10,517,125	46.67%	0.00%
M/s Mugdha Investment & Finance Private Limited	9,547,120	42.37%	9,547,120	42.37%	0.00%

f. For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 43.

g. Proposed dividend

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

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Face value (Rs.)	-	10.00
Dividend per share (Rs.)	-	0.55
Amount of dividend (including tax on dividend) (Rs. in lakhs)	-	124.57

24. Other equity

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	**March 31, 2021**
(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	10,216.00	8,417.99
Profit for the year	2,892.73	2,231.49
Less		
Retirement benefit - Actuarial gains / (Loss)	18.67	17.33
Tax impact on above	4.70	(4.51)
Transfer to Statutory Reserve (20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)	578.55	446.30
Dividend and related distribution tax	124.57	-
Closing balance	**12,428.98**	**10,216.00**
Other reserves		
(I) Statutory reserve as required by section 45-IC of Reserve Bank of India Act, 1934		
Balance as per last financial statements	3,613.97	3,167.67
Add: amount transferred from statement of profit and loss	578.55	446.30
Closing balance	**4,192.52**	**3,613.97**
(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	92.02	48.89
Add: compensation of options granted during the year	17.48	43.13
Closing balance	**109.50**	**92.02**
Total	**19,234.66**	**16,425.65**

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
- eturn on plan assets, excluding amounts included in net interest on the net defined benefit liability/(asset); and
- ny 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.

25. Interest income

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Interest on loans		
Interest income on portfolio loans	19,027.22	15,169.60
Total	**19,027.22**	**15,169.60**

26. Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Other operating revenue		
Prepayment charges	291.15	218.23
Total	**291.15**	**218.23**

27. Net gain on sale of financial assets at amortised cost

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Net gain on sale of financial assets at amortised cost	566.33	1,180.07
Total	**566.33**	**1,180.07**

28. Sale of services

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Income from co-branding arrangement	31.10	26.15
Total	**31.10**	**26.15**

29. Recoveries of financial assets written off

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Recoveries of financial assets written off	101.71	27.82
Total	**101.71**	**27.82**

30. Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Net Gain on fair value changes	545.32	212.87
Total	**545.32**	**212.87**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

31. Other income

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Interest on margin money deposits	94.13	104.07
Infrastructure charges received	189.90	127.21
Dividend	0.01	0.02
Profit on sale of mutual funds	59.67	68.96
Profit on sale of Investments	20.38	-
Profit on sale of fixed asset	-	8.11
Other non-operating income	238.63	77.87
Total	**602.72**	**386.24**

32. Finance cost

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Interest		
on term loans from banks (including subordinated loans)	4,508.96	3,791.64
on non convertible debentures (including subordinated debts)	2,005.40	1,947.31
on cash credit from banks	46.11	84.33
on working capital demand loan	34.30	140.67
on cash collateral	481.26	827.92
on lease liability (Note 42)	33.68	24.72
on others	105.39	135.22
Bank charges	15.70	9.93
Processing fees	31.36	38.00
Other finance costs	75.24	83.15
Total	**7,337.40**	**7,082.89**

33. Customer loyalty bonus

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Customer loyalty bonus	1,785.12	1,179.00
Total	**1,785.12**	**1,179.00**

34. Impairment on financial instruments

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
On loans	322.57	460.70
Portfolio loans and other balances written off	565.19	533.84
Total	**887.76**	**994.54**

35. Employee benefit expenses

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Salaries and incentives	4,563.57	3,129.42
Contribution to provident and other funds	232.27	176.77
Staff welfare expenses	57.77	34.04
Employee stock option scheme (refer note 43)	17.48	43.12
Total	**4,871.09**	**3,383.35**

36. Other expenses

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Rent, rates and taxes	5.25	16.79
Electricity expenses	56.78	42.68
Insurance	76.03	51.39
Payment to the auditors (refer note below)	21.90	28.25
Legal and professional fees	427.91	274.13
GST expenses	83.61	70.22
Telephone expenses	53.37	55.83
CSR expenditure (refer note 49)	81.47	55.49
Business promotion expenses	190.45	80.41
Conference expenses	21.84	0.17
Travelling / conveyance expenses	382.93	191.26
Directors' sitting fees	7.50	11.22
IT expenses	296.41	46.33
Training and recruitment	81.64	37.18
Other balances written off	-	36.07
Repair and Maintenance		
- Building	0.47	4.03
- Furniture & Fixtures	1.94	0.24
- Electricals Equipments	9.36	7.64
- Vehilces	2.04	8.74
- Others	9.05	6.28
Postage, Printing and Stationary	41.35	27.77
Office Expenses	68.44	41.06
Miscellaneous expenses	44.51	64.12
Total	**1,964.25**	**1,157.30**

Payment to auditors

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
As auditor :		
Audit fees	12.00	14.50
Limited review	7.25	7.00
Certification	2.50	6.75
Reimbursement of expenses	0.15	-
Total	**21.90**	**28.25**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

37. Contingent Liabilities and commitments

a. Contingent liabilities not provided for in respect of

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Guarantees		
Corporate guarantee to co-branding partner	551.79	429.21
Other amounts for which the Company is contingently liable		
Income tax	139.36	107.97

b. Capital and other commitments

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Other commitments – towards partially disbursed/un-encashed loans	1,822.30	1,717.29

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

38. 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.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Net Profit after tax (A)	2,892.73	2,231.49
Net Profit after tax including finance cost in respect of CCPS (B)	2,892.73	2,231.49
Weighted average number of equity shares in calculating Basic EPS (C)	225.35	225.35
Add: Effect of dilution:		
Stock options granted under ESOP	2.18	1.17
Compulsury Convertible Preference shares	63.27	63.27
Weighted average number of equity shares in calculating Diluted EPS (D)	290.80	289.79
Basic EPS (A/C)	**12.84**	**9.90**
Diluted EPS (B/D)	**9.95**	**7.70**

38. 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.

40. Revenue from contract with customers

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Type of services		
Sale of services	31.10	26.15
Total	**31.10**	**26.15**
Geographical markets		
India	31.10	26.15
Outside India	-	-
Total	**31.10**	**26.15**
Timing of revenue recognition		
Services transferred at a point in time	31.10	26.15
Services transferred over time	-	-
Total	**31.10**	**26.15**

Contract balances

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Receivable from customers under co-branding arrangement	-	86.72

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

41. 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 - Additional Director(Non Executive)	Key Management Personnel (KMP)
Mr. Milind Limaye Mr. Mohan Tanksale	Independent Director
Manisha S. Pophale Shrikant R. Pophale (Expired on April 28, 2021) 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 Sujit Sharad Natekar (HUF)	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, 2022	March 31, 2021
Key Managerial Personnel		
1. Shilpa Shrikant Pophale		
Directors remuneration :		
- Salary & incentives	128.40	114.41
Deposit accepted	40.00	20.00
Deposit repaid	40.12	271.81
Interest paid on deposit	0.09	11.22
Account payable	0.14	0.18
2. Sujit S. Natekar		
Deposit accepted	-	145.31
Deposit repaid	93.62	3.55
Interest paid on deposit	9.30	6.06
Account payable	86.95	171.27
Independent Director		
3. Mr. Milind Limaye		
Sitting Fees	3.75	4.00
4. Mr. Mohan Tanksale		
Sitting Fees	3.75	2.75
5. Mr. T.V. Rao		
Sitting Fees	-	2.50
6. Mr. Venkatesh Srinivasan		
Sitting Fees	-	1.25
Relative of Key Management Personnel		
7. Shrikant R. Pophale (Expired on April 28, 2021)		
Management consultancy fees	-	48.00
Deposit accepted	-	182.00
Deposit repaid	142.07	432.36
Interest paid on deposit	0.79	32.09
Account payable	0.79	142.07

Nature of transaction/ Relationship/ Name of related parties	March 31, 2022	March 31, 2021
8. Manisha Shrikant Pophale		
Deposit accepted	580.07	205.00
Deposit repaid	762.32	47.10
Interest paid on deposit	8.18	4.05
Account payable	20.10	194.16
9. Harsh S Natekar		
Deposit accepted	-	170.00
Deposit repaid	23.77	2.74
Interest paid on deposit	12.50	7.56
Account payable	165.43	176.70
Enterprises over which KMP & their relatives exercise significant influence		
10. Electronica Hitech Machine Tools Private Limited.		
ICD accepted	275.00	150.00
ICD repaid	25.00	153.35
Interest credit on ICD	11.09	3.35
Interest paid on ICD	0.77	-
ICD payable	260.32	-
11. Electronica Tungsten Limited		
Rent received	1.23	-
12. Electronica Hitech Engineering Private Limited		
New business loan	-	63.00
Interest charged	1.55	1.89
Repayment	3.65	44.74
Repayment of loan	58.46	-
Loans Outstanding	-	60.56
ICD placed	-	50.00
Interest received on ICD	0.59	3.36
Interest income on ICD	1.07	3.95
Account receivable	-	50.59
ICD Repaid	51.07	-
13. Sujit Sharad Natekar (HUF)		
Monthly Rent for Guest house	3.30	3.30

* 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.

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	March 31, 2022	March 31, 2021
Opening Balance	**146.54**	**233.28**
Addition	422.46	83.91
Depreciation	142.53	137.67
Deletion	14.41	32.98
Closing Balance	**412.06**	**146.54**

Lease Liability Movement

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Opening Balance	**169.36**	**254.43**
Addition during the year	422.46	83.90
Interest on Lease Liability	33.68	24.71
Deletion during the year	34.21	38.46
Lease rental payments	155.70	155.22
Closing Balance	**435.59**	**169.36**

Future lease cash outflow for all leased assets as March 31, 2022 :

(₹ 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	205.89	296.17	44.11

Maturity Analysis of Lease Liability as March 31, 2022 :

(₹ in Lakhs)

Particulars	Not later than one year	Later than one year but not later than five years	Later than five years
Lease Liability	123.61	107.62	13.72

Lease rentals of Rs. 26.30 lakhs pertaining to short-term leases and low value assets has been charged to Statement of Profit and Loss.

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

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Operating lease payments recognized in the Statement of Profit & Loss	-	13.59

Amounts recognised in statement of profit or loss:

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
Depreciation expense of right-of-use assets (Note 13)	142.53	137.67
Interest expense on lease liabilities (Note 32)	33.68	24.71
Expense relating to short-term leases	-	13.59
Total amount recognised in profit or loss	**176.21**	**175.97**

43. 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 shareholders 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 shareholders 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. Under the scheme, grant has been made as of March 31, 2020.

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 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 shareholders 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 the 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

The Board of Directors at its meeting held on Nov 10, 2021, approved an issue of stock options aggregating to 8,072 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 shareholders 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 Nov 10, 2021. 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. Under the scheme, grant has been made as of March 31, 2022, details of which, are given as under:

Particulars	March 31, 2022				March 31, 2021		
Grant date	November 10, 2021	August 24, 2020	May 28, 2019	January 25, 2018	August 24, 2020	May 28, 2019	January 25, 2018
Exercise price (Rs.)	Rs. 170.19 per option	Rs. 169.38 per option	Rs. 10 per option	Rs. 10 per option	Rs. 169.38 per option	Rs. 10 per option	Rs. 10 per option
Outstanding at the beginning of the year	-	68,072	117,149	60,840	-	125,080	63,122
Options granted	8,072	-	-	-	68,072	-	-
Options vested and exercisable	-	-	35,003	50,853	-	-	40,154
Options unvested	-	57,072	67,948	-	68,072	117,149	20,686
Options cancelled	-	11,000	14,198	9,987	-	7,931	2,282
Options outstanding	8,072	57,072	102,951	50,853	68,072	117,149	60,840

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	50,853	-	9,987	50,853
May 28, 2019	Rs. 10.00	127,970	35,003	67,948	14,198	102,951
August 24, 2020	Rs. 169.38	68,072	-	57,072	11,000	57,072
November 10, 2021	Rs. 170.19	8,072	-	-	-	8,072

Amounts recognised in statement of profit or loss:

Particulars	March 31, 2022	March 31, 2021
Grant date	November 10, 2021	August 24, 2020
Number of options granted	8,072	68,072
Weighted average fair value (Rs.)	37.32	72.78

Amounts recognised in statement of profit or loss:

Total for all grants	No. of options	Range of exercise prices (Rs.)	Weighted average exercise price (Rs.)	Weighted average remaining contractual life (years)
Outstanding at the beginning of the year	246,061	10.00	10.00	0.89
Granted during the year	8,072	170.19	170.19	3.00
Cancelled during the year	35,185	10.00	10.00	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	218,948	15.88	15.88	0.97
Exercisable at the end of the year	85,856	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%	169.38
November 10, 2021	6%	4 Years	21%	0.72%	170.19

for the year ended March 31, 2022, the Company has accounted expense of Rs. 17.48 lakhs employee benefit expenses (note no. 35) 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, 2021 (Previous year Rs. 48.89 lakhs).

Shares reserved for issue under Employee Stock Option Plan

	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:	615,621
b.	Options granted under the scheme up to March 31, 2022	284,366
c.	Options cancelled up to March 31, 2021 and added back to pool for future grants	65,418
d.	Net Esop granted	218,948
e.	Balance available under the scheme for future grants (e=a-b+c)	396,673

44. 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	As At	
	March 31, 2022	March 31, 2021
Defined benefit obligation as at the opening of the year	263.06	221.64
Current service cost	63.61	54.85
Interest on defined benefit obligation	11.25	9.13
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	11.85	2.17
Actuarial loss/(gain) arising from change in demographic assumptions	(18.06)	3.39
Actuarial loss/(gain) arising on account of experience changes	(10.32)	(11.65)
Benefits paid by employer	(24.61)	(16.39)
Benefits paid by fund	-	(0.08)
Liabilities assumed/(settled)		-
Defined benefit obligation as at the end of the year	**296.78**	**263.06**

Movement in plan assets :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Fair value of the asset as at the beginning of the year	197.08	175.15
Employers contributions	-	0.46
Interest on plan assets	10.92	10.31
Actuarial loss/(gain)	2.14	11.24
Remeasurements due to:		
Actual return on plan assets less interest on plan asset	-	-
Benefits paid	-	(0.08)
Assets acquired/(settled)	-	-
Fair value of plan asset as at the end of the year	**210.14**	**197.08**

Reconciliation of net liability/asset :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Net defined benefit liability/(asset) as at the beginning of the year	65.98	46.50
Expense charged to Statement of Profit and Loss	63.93	53.67
Amount recognised in other comprehensive income	(18.66)	(17.33)
Employer contributions/payments	(24.61)	(16.85)
Net defined benefit liability/(asset) as at the end of the year	**86.64**	**65.98**

Expenses charged to the Statement of Profit and Loss :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Current service cost	63.61	54.85
Interest cost	0.33	(1.18)

Movement in asset ceiling :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
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	As At	
	March 31, 2022	March 31, 2021
Opening amount recognised in other comprehensive income	(35.37)	(18.04)
Changes in financial assumptions	11.85	2.17
Changes in demographic assumptions	(18.06)	3.39
Experience adjustments	(10.32)	(11.65)
Actual return on plan assets less interest on plan assets	(2.13)	(11.24)
Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised outside profit or loss in other comprehensive income	**(54.03)**	**(35.37)**

Amount recognised in Balance Sheet :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Present value of Unfunded defined benefit obligation	296.78	263.06
Fair value of plan assets	210.14	197.08
Net funded obligation	86.64	65.98
Amount not recognised due to asset limit	-	-
Present value of Funded defined benefit obligation	-	-
Net defined benefit liability recognised in Balance Sheet	**86.64**	**65.98**

Current/Non-Current Bifurcation

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Current Benefit obligations	109.10	82.89
Non - Current Benefit obligations	187.68	180.17
(Asset)/Liability recognised in the Balance Sheet	**296.78**	**263.06**

Actual Return on Plan Assets

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Interest Income on Plan Assets	10.92	10.31
Remeasurements on Plan Assets	2.14	11.24
	13.06	**21.55**

Amount recognised in Balance Sheet :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Economic Assumptions		
Discount rate (p.a.)	5.48%	5.54%
Salary escalation rate (p.a.)	10.00%	8.90%
Expected Rate of Returns on Assets	5.48%	5.54%
Rate of Future Salary increase	10.00%	8.90%
Demographic Assumptions		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 68.90% Non-Sales - 43.90%	Sales - 59.94% Non-Sales - 26.09%
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

Sensitivity analysis for significant assumptions is as shown below :

(₹ in Lakhs)

Particulars	As at					
	March 31, 2020			March 31, 2020		
	Discount rate	Salary escalation rate	Withdrawal rate	Salary escalation rate	Discount rate	Withdrawal rate
Impact of increase in 100 bps on defined benefit obligation	(3.43)	4.58	(0.79)	(3.04)	4.06	(0.70)
Impact of decrease in 100 bps on defined benefit obligation	4.53	(4.14)	0.88	4.01	(3.67)	0.78

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

Projected plan cash flow :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Maturity Profile :		
Expected benefits for year 1	112.05	85.16
Expected benefits for year 2	67.69	52.73
Expected benefits for year 3	48.65	39.06
Expected benefits for year 4	34.82	30.07
Expected benefits for year 5	37.02	24.48
Expected benefits for year 6 and above	35.67	78.58

Expected contribution to fund in the next year:

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Expected contribution to fund in the next year	118.22	129.59

(B) Compensated absences

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Maturity Profile		
Present value of unfunded obligations	108.47	110.33
Expense recognised in the Statement of Profit and Loss	30.39	47.08
Discount rate (p.a.)	5.48%	5.54%
Salary escalation rate (p.a)	10.00%	8.90%

Key actuarial assumptions :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2022	March 31, 2021
Economic Assumptions		
Discount rate (p.a.)	5.48%	5.54%
Salary escalation rate (p.a.)	10.00%	8.90%
Expected Rate of Returns on Assets	N.A.	N.A.
Demographic Assumptions		
Mortality	IALM (2012-14) Ultimate	IALM (2012-1 Ultimate
Employee Turnover/Withdrawal rate	Sales - 68.90% Non-Sales - 43.90%	Sales - 59.94% Non-Sales - 26.09%
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).

45 Events after reporting date

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

46. 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. 47) 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.

47. 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.

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2022

(₹ 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, 2022	5.38	-	0.56	5.94
Financial liabilities					
Compulsory Convertible Preference Shares (CCPS)	March 31, 2022	-	-	10,659.20	10,659.20

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

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

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
Opening balance	11.71	11.71
Acquisitions during the year	-	-
Disposals during the year	11.15	-
"Fair value gains/losses recognised inprofit or loss	-	-
Gains / (losses) recognised in other comprehensive income	-	-
Closing balance	0.56	11.71

Fair value of financial instruments not measured at fair value as at March 31, 2022 :

(₹ 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	8,967.27	8,967.27	-	-	8,967.27
Bank balances other than cash and cash equivalents	8,666.41	8,666.41	-	-	8,666.41
Loans	126,093.08	-	-	126,093.08	126,093.08
Other financial assets	756.18	-	-	756.18	756.18
Financial Liabilities					
Debt securities	16,443.52	-	-	13,450.99	13,450.99
Borrowings (Other than debt securities)	80,790.97	-	-	81,101.45	81,101.45
Other financial liabilities	23,248.88	-	-	23,248.88	23,248.88

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	-	-	2,402.14
Bank balances other than cash and cash equivalents	1,404.20	1,404.20	-	-	1,404.20
Loans	97,458.86	-	-	97,458.86	97,458.86
Other financial assets	849.38	-	-	849.38	849.38
Financial Liabilities					
Debt securities	13,899.58	-	-	12,087.00	12,087.00
Borrowings (Other than debt securities)	58,954.63	-	-	43,104.38	43,104.38
Sub ordinated liabilities	499.28	-	-	475.16	475.16
Other financial liabilities	17,548.21	-	-	17,548.21	17,548.21

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. Further the overdue cash flows upto 90 Days (upto stage 2) are discounted assuming they will be received in the third month. Fairvalue of cash flows for stage 3 loans are assumed as carrying value less provision for expected credit loss.

- 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, 2022 and March 31, 2021.

48. 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	As At	
	March 31, 2022	March 31, 2021
Tier I capital	27,093.90	24,515.65
Tier II capital	1,793.18	962.01
Total	**28,887.07**	**25,477.66**
Risk weighted assets (RWA)	131,131.47	105,004.57
Tier I CRAR	20.57%	23.23%
Tier II CRAR	1.36%	0.91%

Note 1: CRAR as at March 31, 2022 & March 31, 2021 is on the basis of CRAR filed with RBI.

Note 2: 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	During the year ended	
	March 31, 2022	March 31, 2021
Proposed for approval as Annual General Meeting (not recognised as a liability as at March 31, 2021)	-	124.57

Proposed for approval at the annual general meeting (not recognised as a liability)

(₹ in Lakhs)

Particulars	March 31, 2022	March 31, 2021
DDividend on equity shares at Rs. 0.55 per share (a)	-	124.57
Profit after tax for the year ended 31 March 2021 (b)	2,892.73	2,231.49
Dividend proposed as a percentage of profit after tax (a/b)	0.00%	5.58%

49. Details of CSR expenses:

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2022	March 31, 2021
a) Gross amount required to be spent by the Company during the year	48.83	50.20
b) Amount spent during the year on purposes other than construction/acquisition of any asset :	81.47	55.49
Amount Spent		
Yet to be spent / (excess spent)	-	(0.29)

"There is no shortfall in the CSR amount required to be spent by the Company as per section 135(5) of the Act for the financial years ended March 31, 2022 and March 31, 2021.

CSR activities include Education, Preservation of Art, Culture and Heritage, Preventive Healthcare, Scholarship Scheme, Training and Skill Development, Road Safety Awareness Program, Contribution towards Primary, Secondary and Higher Education and other activities which are specified under Schedule VII of Companies Act, 2013.

The Company has neither made any CSR Contributions towards its related parties nor recorded any provision for CSR expenditure during the financial years ended March 31, 2022 and March 31, 2021.

50. Ratios:

Particulars	Numerator	Denominator	Ratio 31st March 2022	Ratio 31st March 2021	% of variance	Reasons for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	Total Capital Funds	Risk Weighted Assets	21.93%	24.15%	-9.16%	NA
Tier I CRAR	Net Owned Funds	Risk Weighted Assets	20.57%	23.23%	-11.46%	NA
Tier II CRAR	Defered Revenue Expenditure +Deferred Tax+Intangible Asset	Risk Weighted Assets	1.36%	0.91%	49.34%	Decrease in Defered Revenue Expenditure in March 2022
Liquidity Coverage Ratio	High Quality Liquid Assets	Total net cash oulflow	328.26%	-	100.00%	Excess liquidity in the month of April 2021.

51. 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 and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises: * when long term assets cannot be funded at the expected term resulting in cashflow mismatches; * amidst volatile market conditions impacting sourcing of 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 of funds and the near term liabilities given current liquidity conditions and evolving regulatory directions for NBFCs. - a constant calibration of sources of funds in line with emerging market conditions in banking markets. - periodic reviews by ALCO relating to the liquidity position ands tress tests assuming varied 'what if' 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	Interest rate risk stems from movements in market factors such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Management Committee (ALCO)	Interest rate risk is: * measured using Valuation at Risk ('VaR'), and modified duration analysis and other measures, including the sensitivity of net interest income. * monitored by assessment of probable impacts of interest rate sensitivities under simulated stress test scenarios given range of probable interest rate movements on both 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 failing to meet their repayment obligations to the Company.	Board appointed Risk Management Committee.	Credit risk is : *measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various matrics such as EMI default rate, overdue position, collectionefficiency, customers non performing loans etc. are used as leading indicators to assess credit risk. * monitored by Risk Management Committee using level of credit exposures, portfolio monitoring, repurchase rate, bureau data of portfolio performance and industry, geographic, customer and portfolio concentration risks. * managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies. The same is periodically reviewed by the Board appointed 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 2019-20. The weighted average cost of borrowing moved only 9 bps despite volatile market conditions. The Company continues to evaluate new sources of borrowing by way of new routes of funding like rupee denominated masala bonds.

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

(₹ in Lakhs)

Particulars	March 31, 2022			March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Debt securities	4,999.99	14,515.11	19,515.10	6,965.07	9,184.99	16,150.06
Borrowings (Other than debt securities)	33,050.36	68,719.54	101,769.90	24,667.01	39,271.37	63,938.38
Sub ordinated liabilities	-	-	-	572.70	-	572.70
Other financial liabilities	8,452.71	14,796.17	23,248.88	6,801.09	10,884.13	17,685.22
Financial Assets						
Loans	44,884.63	83,087.08	127,971.71	37,043.85	59,883.67	96,927.52
Cash and cash equivalents	8,967.27	-	8,967.27	2,402.14	-	2,402.14
Bank balances other than cash and cash equivalents	8,503.11	163.30	8,666.41	794.53	609.67	1,404.20
Investments	-	5.94	5.94	-	18.11	18.11
Other financial assets	521.38	234.80	756.18	707.46	228.64	936.10

Note : Figures are based on the contractual cash flows after considering the effects of moratorium granted till March 31, 2022.
The effects of moratorium granted and received post March 31, 2021 have not been considered in the above cash flows.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2022

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

(₹ in Lakhs)

Particulars	March 31, 2022			March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	8,967.27	-	8,967.27	2,402.14	-	2,402.14
Bank balances other than cash and cash equivalents	8,503.11	163.30	8,666.41	794.53	609.67	1,404.20
Receivables			-			
Trade receivables			-			
Other receivables			-			
Loans	52,309.50	73,783.58	126,093.08	36,656.27	60,802.59	97,458.86
Investments	-	5.94	5.94	-	18.11	18.11
Other financial assets	521.38	234.80	756.18	707.46	141.92	849.38
Non financial assets						
Current tax assets	-	356.37	356.37	-	211.16	211.16
Deferred tax assets (Net)	-	920.86	920.86	-	892.89	892.89
Investment property	-	1,055.11	1,055.11	-	622.49	622.49
Property, plant and equipment	-	6,495.24	6,495.24	-	5,773.06	5,773.06
Intangible assets	-	127.14	127.14	-	119.89	119.89
Capital work in progress	-	96.60	96.60	-	96.60	96.60
Other non financial assets	508.18	-	508.18	826.20	-	826.20
Total Assets	**70,809.44**	**83,238.94**	**154,048.38**	**41,386.60**	**69,288.38**	**110,674.98**
LIABILITIES AND EQUITY						
Liabilities						
Financial Liabilities						
Payables						-
Trade payables						-
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of other than micro enterprises and small enterprises	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
Total outstanding dues of other than micro enterprises and small enterprises	99.25	-	99.25	137.01	-	37.01
Debt securities	3,637.21	12,806.31	16,443.52	6,901.20	6,998.38	13,899.58
Borrowings (Other than debt securities)	26,647.87	64,751.03	91,398.90	21,850.14	37,104.49	58,954.63
Sub ordinated liabilities	-	-	-	499.28	-	499.28
Other financial liabilities	8,452.71	14,796.17	23,248.88	6,801.09	10,884.13	17,685.22
Non financial liabilities						
Current tax liabilities	1,110.74	-	1,110.74	832.69	-	832.69
Provisions	98.54	96.57	195.11	176.31	-	176.31
Other non financial liabilities	63.86	-	63.86	34.88	-	34.88
Equity						
Equity share capital	-	2,253.46	2,253.46	-	2,253.46	2,253.46
Other equity	-	19,234.66	19,234.66	-	16,425.65	16,425.65
Total Equity & liabilities	**40,110.17**	**113,938.21**	**154,048.38**	**37,095.59**	**73,666.12**	**110,761.71**

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 interest rates, foreign 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, 2022	5.94	6.00	5.88
March 31, 2021	18.11	18.29	17.93

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.

Sensitivity analysis as at March 31, 2022 :

(₹ in Lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
Loans	126,093.08	124,117.24	127,678.98
Investment properties	1,338.11	1,351.49	1,324.73
Debt securities	13,450.99	13,395.84	13,843.87
Borrowings (Other than debt securities)	81,101.45	79,692.49	81,682.98
Cash Collateral	13,552.15	13,157.62	13,456.20
Sub ordinated liabilities	-	-	-

Sensitivity analysis as at March 31, 2021 :

(₹ in Lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
Loans	79,849.91	78,890.58	80,831.98
Investment properties	172.15	139.00	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 39). 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, 2022

Lending verticals	Nature of business	PD			LGD
		Stage 1	Stage 2	Stage 3	
Capital Equipment Finance (CEF)	Financing for new plant and machinery other than engineering equipment	1.48%	53.84%	100%	67.76%
Engineering Equipment Finqance (EEF)	Financing for new plant and machinery for engineering equipment	1.02%	44.37%	100%	58.64%
Emerging Enterprise Loans (EEL)	Small ticket financing against property for new purchase and/or for working capital needs	1.28%	22.22%	100%	26.00%
Employee Loans	Extending finance for permanent employees	3.40%	0.00%	100%	100.00%
Financial Institutions Group (FIG)	Financing against hypothecation of book debts	1.29%	22.22%	100%	26.00%
Secured Business Finance (SBF)	Financing against property for new purchase and/or for working capital needs	2.73%	22.22%	100%	53.94%
Trade Finance	Extending finance for manufacturers and traders permanent employees	1.02%	44.37%	100%	58.64%
Renewable Energy Finance (REF)	Financing for new roof top solar equipments	1.02%	22.22%	100%	13.00

as at March 31, 2021

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	1.33%	25.46%	100%	26.40%
Partly secured	Financing for products such as old plant and machinery and top up loans / hypothecation of book debts				61.72%
Unsecured	Financing for products such as working capital, bill discounting, unsecured business loans and other plant and machinery not classified as secured.				84.80%

Note : Above table exclude COVID-19 overlay of Rs. 166 lakhs which has been separately provided below under COVID Impact.

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 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, 2022 : **(₹ in Lakhs)**

Particulars	Stage 1			Stage 2			Stage 3		
	Gross carrying value	Allowance for ECL	ECL coverage ratio	Gross carrying value	Allowance for ECL	ECL coverage ratio	Gross carrying value	Allowance for ECL	ECL coverage ratio
Capital Equipment Finance (CEF)	43,833.74	403.35	0.92%	222.43	81.15	36.48%	916.15	576.10	62.88%
Engineering Equipment Finqance (EEF)	39,970.35	266.78	0.67%	249.07	64.79	26.01%	626.33	367.26	58.64%
Emerging Enterprise Loans (EEL)	19,552.96	64.88	0.33%	1,064.63	61.51	5.78%	683.41	177.69	26.00%
Employee Loans	33.11	1.13	3.40%	-	-	0.00%	-	-	0.00%
Financial Institutions Group (FIG)	6,232.06	20.93	0.34%	350.72	20.26	5.78%	222.56	57.86	26.00%
Secured Business Finance (SBF)	10,539.15	155.40	1.47%	340.19	40.78	11.99%	845.95	456.32	53.94%
Trade Finance	-	-	0.00%	-	-	0.00%	2.23	1.31	0.00%
Renewable Energy Finance (REF)	3,160.35	4.19	0.13%	73.72	2.13	2.89%	-	-	0.00%

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	2,893.47	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%

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. The Company selectively exercises its right to repossess the machinery, surrender the insurance policies and attach the properties across all secured products.

Where-ever required, it also resorts to invoking its right under the SARFAESI Act and other judicial remedies available for its machine finance and industrial property loan assets. The repossessed assets are either sold or released to delinquent customers in case they come forward to settle their dues.

The Company does not record repossessed assets on its Balance Sheet as non–current assets held for sale unless there is a documented transaction of purchase of such asset against full (or partial) settlement of loan.

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.

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	As At	
	March 31, 2022	March 31, 2021
Gross carrying amount of loans	128,916.92	99,960.13
Reported ECL	2,823.84	2,501.27
Reported ECL coverage	2.19%	2.50%
ECL amount for alternate situations		
Central scenario	2,823.84	2,501.27
Downside scenario (-5%)	2,965.03	2,626.33
Upside scenario (+5%)	2,682.65	2,376.21
ECL coverage ratios by scenarios		
Central scenario	2.19%	2.50%
Downside scenario (-5%)	2.30%	2.63%
Upside scenario (+5%)	2.08%	2.38%

52. COVID 19 Impact

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying value of receivables, investment in mutual funds, equity shares of listed entities, investment subsidiaries and other financial assets. In assessing the recoverability of these assets, the Company has used internal and external sources of information up to the date of approval of these financial statements. The impact on account of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements. The Company will continue to monitor any material impact due to changes in future economic conditions.

53. 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.

54. Additional Regulatory Requirements

a. Loans and advances to promoters, Directors, Key Managerial Personnel and Related Parties as on 31st March 2022

(₹ in Lakhs)

Type of Borrower	Loan	Advance	Percentage of Loan to total loan	Percentage of advance to total advance
Promotors	-	-	-	-
Directors	-	-	-	-
Key Managerial Personals	16.42	-	0%	-
Related Parties	-	-	-	-

(₹ in Lakhs)

Type of Borrower	Loan	Advance	Percentage of Loan to total loan	Percentage of advance to total advance
Promotors	-	-	-	-
Directors	-	-	-	-
Key Managerial Personals	-	-	-	-
Related Parties	-	-	-	-

b] No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder

c] Registration of Charges or Satisfaction with Registrar of Companies (ROC)

All charges or satisfaction are registered with ROC within the statutory period for the financial year ended March 31, 2022 and March 31, 2021. No Charge or satisfactions are yet to be registered with ROC beyond the Statutory period

d] Compliance with number of layers of companies

The Company has complied with the number of layers pescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2022 and March 31, 2021

e] Undisclosed Income

There are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

f] Details of Crypto Currency or Virtual Currency

The Company has not traded or invested in Crypto currency or Virtual currency during the financial year ended March 31, 2022 and March 31, 2021.

g] Wilful Defaulter

The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender, as the Company had no borrowings during the financial year ended March 31, 2022 and March 31, 2021.

h) Fraud Reporting

The company has not reported any fraud during the year ended march 31 2022 and March 31, 2021.

i) Relationship with Struck off companies

Name of struck off Company	Nature of Transaction with struck off Company	Balance Outstanding as on 31st March 2022	Relation ship with struck off compnay
Bulland Buildtech Pvt. Ltd.	Loans & Advances	0.01	Customer
Everon Castings Private Limited	Loans & Advances	12.67	Customer
Kanik Electronics Pvt. Ltd	Loans & Advances	-	Customer
Lumax Automotive Systems Limited	Loans & Advances	0.76	Customer
Satiate Engineering (I) Private Limited	Loans & Advances	0.67	Customer
Uv Exports Pvt Ltd	Loans & Advances	10.78	Customer
Windals Auto Pvt. Ltd.	Loans & Advances	0.04	Customer
Atharva Metals Pvt Ltd	Loans & Advances	0.01	Customer
Bodepudi Modular Designers Private Limited	Loans & Advances	-	Customer
Criss Financial Holdings Limited	Loans & Advances	165.91	Customer
Harshal Pressings Pvt. Ltd.	Loans & Advances	0.09	Customer
Nelumbo Icona Controls Pvt Ltd	Loans & Advances	-	Customer
Pioneer Tooling Services And Co Borrower Trimaxinc Precision Tooling Pvt Ltd	Loans & Advances	78.58	Customer
Rotadyne Tools Pvt Ltd	Loans & Advances	4.37	Customer
Shree Vridhi Enterprises Pvt Ltd	Loans & Advances	0.03	Customer
Asianarc Electrodes Pvt Ltd	Loans & Advances	0.00	Customer

55. 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')"

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(i)	CRAR (%)	21.93%	24.15%
(ii)	CRAR – Tier I Capital (%)	20.57%	23.23%
(iii)	CRAR – Tier II Capital (%)	1.36%	0.91%
(iv)	Amount of subordinated debt raised as Tier II Capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

Note 1: CRAR as at March 2022 is on the basis of CRAR filed with RBI.

Note 2: 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.

b. Investments

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1)	Value of Investment		
(i)	**Gross value of Investments**	**5.94**	**18.11**
	(a) In India	5.94	18.11
	(b) Outside India	-	-
(ii)	Provision for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	**Net Value of Investments**	**5.94**	**18.11**
	(a) In India	5.94	18.11
	(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, 2022 (March 31, 2021: NIL).

d. Disclosures relating to Securitization

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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Total number of loans securitized	117	-
2	Total book value of loans securitized	2,491.07	-
3	Total book value of loans securitised including loans placed as collateral	2,491.07	-
4	Sale consideration received for loans securitised	2,366.51	-
5	Excess interest spread recognised in the statement of profit and loss	-	-
6	Credit enhancements provided and outstanding (Gross):	-	-
	- Interest subordination	-	-
	- Principal subordination	124.55	-
	- Cash collateral	225.00	-

Position of outstanding balances is as under:

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	No. of SPVs sponsored by the NBFC for securitization transaction #	3	2
2	Total amount of securitized assets as per books of the SPVs	2,001.06	2,687.43
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	1,455.46	1,103.57
	a) Off-balance sheet exposures	-	-
	* First Loss	-	-
	* Others	-	-
	b) On-balance sheet exposures	1,455.46	1,103.57
	* First Loss	1,455.46	1,103.57
	* 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	March 31, 2022	March 31, 2021
(i)	No. of accounts	962	584
(ii)	Aggregate value (net of provisions) of accounts sold	14,702.97	12,487.63
(iii)	Aggregate consideration	14,702.97	12,487.63
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate gain/loss over net book value	-	-

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, 2022

(₹ in Lakhs)

Sr. No.	Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 months up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
1	Advances#	2,124.62	1,851.27	674.71	4,863.09	4,765.60	13,705.10	24,325.11	54,961.95	16,355.34	2,466.29	126,093.08
2	Deposits	-	-	-	-	-	-	-	-	-	-	-
3	Investments	-	-	-	-	-	-	-	-	-	5.94	5.94
4	Borrowings*	1,023.19	339.67	2,075.43	2,121.13	2,569.78	6,416.45	15,739.43	46,488.71	19,961.77	447.68	97,183.23

#net-off cash collateral and security deposit taken from borrower
*includes cash credit facilities secured against hypothecation of book debts

Maturity pattern of certain items of assets and liabilities as on March 31, 2021

(₹ in Lakhs)

Sr. No.	Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over 1 months up to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
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

i. Exposures

Exposure to real estate sector, both direct & indirect

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
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	19,042.33	-
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, Multi-tenanted commercial premises industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits;	6,631.49	9,727.46
	(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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(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;	5.94	18.11
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock brokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered).	-	-
	Total Exposure to Capital Market	**5.94**	**18.11**

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. 7

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	June 10,2021	IND A-/Stable	June 09,2022	67,500.00
2	India Ratings & Research Pvt. Ltd.	NCD	June 10,2021	IND A-/Stable	June 09,2022	6,500.00
3	India Ratings & Research Pvt. Ltd.	NCD	June 10,2021	IND A-/Stable	June 09,2022	6,000.00
4	Acuite Ratings & Research#	Bank Lines	February 05, 2021	ACUITE A- / Stable	February 04, 2022	4,336.00
5	Acuite Ratings & Research#	Bank Lines	February 05, 2021	ACUITE A2+	February 04, 2022	300.00
6	ICRA Limited	Sub Debt	August 09, 2021	[ICRA]A- (Stable)	August 08, 2022	2,500.00
7	ICRA Limited	Sub Debt	September 28, 2021	[ICRA]A- (Stable)	August 08, 2022	3,375.00

p. Provisions and Contingencies

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	Provisions for depreciation on Investment	-	-
2	Provision towards Stage 3 Assets	46.30	104.36
3	Provision made towards Income Tax	1,016.57	919.18
4	Provision made towards Prior Year Tax	-	-
5	Provision for Stage 1 & Stage 2 Assets	276.27	356.34
6	Provision for leave benefits	108.47	47.08
7	Provision for gratuity	86.64	53.21
8	Provision towards depreciation in immovable properties held for sale	-	-
9	Provision for Impairment loss on PPE	-	-

q. Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2020 (previous year: Nil).

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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
1	**Concentration of Advances**		
	Total advances to twenty largest borrowers	7,735.36	7,124.34
	(%) of advances to twenty largest borrowers to total advances	6.00%	7.13%
2	**Concentration of Exposures**		
	Total exposure to twenty largest borrowers/customers	7,735.36	7,124.34
	(%) of exposure to twenty largest borrowers/customers to total exposure	6.00%	7.13%
3	**Concentration of Stage 3 Assets**		
	Total exposure to top four Stage 3 accounts	575.27	1,065.56

s. Sector-wise Stage 3 Assets

(₹ in Lakhs)

Sr. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		March 31, 2022	March 31, 2021
1	Agriculture & allied activities	-	-
2	MSME	1.81%	2.65%
3	Corporate borrowers	0.62%	6.27%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	0.16%	3.50%

t. Movement of Stage 3 Assets

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(i)	Net Stage 3 Assets to Net Advances (%)	1.32%	1.27%
(ii)	Movement of Stage 3 Assets (Gross)		
	a. Opening balance	2,827.46	3,107.20
	b. Additions during the year	1,899.97	1,236.50
	c. Reductions during the year	(1,430.79)	(1,516.24)
	d. Closing balance	3,296.64	2,827.46
(iii)	Movement of Net Stage 3 Assets		
	a. Opening balance	1,237.21	1,621.31
	b. Additions during the year	837.98	525.46
	c. Reductions during the year	(415.10)	(909.57)
	d. Closing balance	1,660.09	1,237.21
(iv)	Movement of provisions for Stage 3 Assets (excluding provisions on Stage 1 & Stage 2 Assets)		
	a. Opening balance	1,590.25	1,485.89
	b. Provisions made during the year	1,061.98	711.04
	c. Write-off/write-back of excess provisions	(1,015.69)	(606.68)
	d. Closing balance	1,636.55	1,590.25

u. Disclosure of Complaints

Sr. No.	Particulars	March 31, 2022	March 31, 2021
(i)	No. of complaints pending at the beginning of the year	0	0
(ii)	No. of complaints received during the year	11	7
(iii)	No. of complaints redressed during the year	11	7
(iv)	No. of complaints pending at the end of the year	0	0

v. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2021: Nil).

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

(₹ in Lakhs)

Sr. No.	Type of Restructuring	Others				
	Asset Classification	**Standard**	**Sub-Standard**	**Doubtful**	**Loss**	**Total**
1	**Restructured Accounts as on April 1, 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
2	**Fresh restructuring during the year**					
	a. No. of borrowers	4	-	-	-	4
	b. Amount outstanding	215.47	-	-	-	215.47
	c. Provision thereon	2.16	-	-	-	2.16
3	**Upgradations to restructured standard category during the FY**					
	a. No. of borrowers	-	-	-	-	-
	b. Amount outstanding	-	-	-	-	-
	c. Provision thereon	-	-	-	-	-
4	**Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY**					
	a. No. of borrowers	-	-	-	-	-
	b. Amount outstanding	-	-	-	-	-
	c. Provision thereon	-	-	-	-	-
5	**Down gradations of restructured accounts during the FY**					
	a. No. of borrowers	1	(1)	-	-	-
	b. Amount outstanding	(86.13)	73.15	-	-	(12.98)
	c. Provision thereon	(0.45)	0.33	-	-	(0.12)
6	**Write-offs/Recovery of restructured accounts during the FY**					
	a. No. of borrowers	(20)	(5)	-	-	(25)
	b. Amount outstanding	(544.90)	(430.50)	-	-	(975.40)
	c. Provision thereon	22.23	(187.85)	-	-	(165.62)
7	**Restructured Accounts as on September 30, 2020**					
	a. No. of borrowers	12	-	-	-	12
	b. Amount outstanding	589.11	0.00	-	-	589.11
	c. Provision thereon	70.36	0.00	-	-	70.36

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 classification 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	**Performing Assets**						
	Standard	Stage 1	123,319.52	916.66	122,402.86	493.28	423.38
		Stage 2	2,300.76	270.63	2,030.14	9.20	261.42
	Subtotal for Standard		**125,620.28**	**1,187.29**	**124,432.99**	**502.48**	**684.81**
2	**Non- Performing Assets (NPA)**						
	Substandard	Stage 3	2,219.64	1,012.78	1,206.86	221.96	790.82
	Doubtful - up to 1 year	Stage 3	913.05	518.14	394.91	182.61	335.53
	1 to 3 years	Stage 3	151.60	98.57	53.03	45.48	53.09
	More than 3 years	Stage 3	12.34	7.05	5.29	6.17	0.88
	Subtotal for doubtful		**3,296.63**	**1,636.54**	**1,660.09**	**456.22**	**1,180.32**
	Loss	Stage 3	-	-	-	-	-
	Subtotal for Loss		**-**	**-**	**-**	**-**	**-**
	Other items						
	Other items such as guarantees, loan	Stage 1	-	-	-	-	-
	commitments, etc. which are in the scope of	Stage 2	-	-	-	-	-
	Ind AS 109 but not covered under current	Stage 3	-	-	-	-	-
	Income Recognition, Asset Classification and		-	-	-	-	-
	Provisioning (IRACP) norms.						
	Subtotal						
		Stage 1	123,319.52	916.66	122,402.86	493.28	423.38
		Stage 2	2,300.76	270.63	2,030.14	9.20	261.42
	Total	**Stage 3**	3,296.63	1,636.54	1,660.09	456.22	1,180.32
		Total	**128,916.91**	**2,823.83**	**126,093.08**	**958.71**	**1,865.12**

xi. 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)

(₹ in Lakhs)

Sr. No.	No. of Significant Counterparties	Amount	% of Total Liabilities
1	25	94,516.50	97.26%

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)

(₹ in Lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Liabilities
1	Indian Bank	15,116.50	15.55%
2	Bank of Maharashtra	9,580.20	9.86%
3	Canara Bank	7,072.30	7.28%
4	Global Climate Partnership Fund Sa Sicav-Sif Masal	6,999.29	7.20%
5	HDFC Bank	5,894.01	6.06%
6	Union Bank	4,689.25	4.83%
7	CSB Bank	4,003.71	4.12%
8	Federal Bank	3,475.41	3.58%
9	Bandhan Bank	2,991.76	3.08%
10	UCO Bank	2,989.33	3.08%
-	**Top 10 borrowings**	**6,281,175.80**	**64.63%**

4) Funding Concentration based on Significant instrument / product

(₹ in Lakhs)

Sr. No.	Name of Instrument / Product	Amount	% of Total Liabilities
1	Term Loan	76,168.36	78.38%
2	Non -Convertible Debentures	9,435.52	9.71%
3	Bonds	7,008.00	7.21%
4	Borrowings towards Securitization	2,001.06	2.06%
5	Working Capital Demand Loan	534.24	0.55%
6	Cash Credit	2,036.05	2.10%

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 one year.

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

(₹ in Lakhs)

Sr. No.	Name of Instrument / Product	Amount	% of Total Liabilities
1	Working Capital Demand Loan	534.24	0.55%
2	Cash Credit	2,036.04	2.10%

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.

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

Signature to notes on accounts

For Mukund M Chitale & Co.
Chartered Accountants
ICAI Firm Registration No. 106655W

(S. M. Chitale)
Partner
Membership No.111383

Place: Mumbai
Date: May 27, 2022

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

Mr. Jagdish Bhoir
Chief Financial Officer

Ms. Khwahish Rawal
Company Secretary

Place: Pune
Date: May 27, 2022

NOTES

efl®
... by your side

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