

Independent Auditor's Report on the Financial Results of Electronica Finance Limited pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of Electronica Finance Limited

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of financial results of Electronica Finance Limited (the "Company"), for the year ended March 31, 2021 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the year ended March 31, 2021.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 4 to the financial results, which describes the continuing uncertainty caused by Novel Coronavirus (COVID-19) pandemic which could impact the Company's estimates of impairment of loans to customers and that such impairment may be affected by the severity and duration of the pandemic. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive income of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of

the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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 the Board of Directors 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.

Auditor's Responsibilities for the Audit of the Financial Results

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

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

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents 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.

S.R. BATLIBOI & Co. LLP

Chartered Accountants

Further, we report that the figures for the half year ended March 31, 2021 represent the derived figures between the audited figures in respect of the financial year ended March 31, 2021 and the published unaudited figures for the half year ended September 30, 2020, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Jayesh Gandhi
Partner
Membership Number: 037924

UDIN: 21037924AAAAEU6067
Mumbai
June 8, 2021

Electronica Finance Limited
(CIN: U65910PN1990PLC057017)
Regd. Office: 001/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune Pune MH 411004
Phone No.: 020-25459716, Website: www.efl.co.in
Statement of audited financial results for the year ended March 31, 2021

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	(Audited)	(Audited)
ASSETS		
Financial Assets		
Cash and cash equivalents	2,402.14	5,430.25
Bank balances other than cash and cash equivalents	1,404.20	1,393.24
Loans	97,458.86	80,269.27
Investments	18.11	12.89
Other financial assets	936.10	742.54
Sub-total - Financial assets	1,02,219.41	87,848.19
Non financial assets		
Current tax assets (net)	211.16	116.80
Deferred tax assets (net)	892.89	743.04
Investment property	622.49	116.85
Property, plant and equipment	5,773.06	6,506.98
Capital work in progress	96.60	96.60
Intangible assets	119.89	96.73
Other non financial assets	826.20	691.16
Sub-total - Non-financial assets	8,542.29	8,368.16
Total Assets	1,10,761.70	96,216.35
LIABILITIES AND EQUITY		
Liabilities		
Financial Liabilities		
Debt securities	13,899.58	12,358.25
Borrowings (Other than debt securities)	58,954.63	52,322.49
Subordinated liabilities	499.28	896.72
Other financial liabilities	17,685.22	13,450.18
Sub-total - Financial liabilities	91,038.71	79,027.64
Non financial liabilities		
Current tax liabilities (net)	832.69	546.99
Provisions	176.31	129.79
Other non financial liabilities	34.88	120.26
Sub-total - Non-financial liabilities	1,043.88	797.04
Equity		
Equity share capital	2,253.46	2,253.46
Other equity	16,425.65	14,138.21
	18,679.11	16,391.67
Total liabilities and equity	1,10,761.70	96,216.35

For and on Behalf of Board of Directors
Electronica Finance Limited

Ms. Shilpa Pophale
Managing Director
DIN 00182457

Place: Pune
Date: June 08, 2021

Electronica Finance Limited
(CIN: U65910PN1990PLC057017)
Regd. Office: 101/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune Pune MH 411004
Phone No.: 020-25459716, Website: www.efl.co.in

Statement of audited financial results for the year ended March 31, 2021

(Rs. in Lakhs)

Particulars	Half year ended		Year ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Audited)	(Audited)	(Audited)	(Audited)
Revenue from operations				
Interest income	7,923.63	7,908.55	15,169.60	15,123.77
Fee income	131.94	108.58	218.23	194.28
Gain on derecognition of financial assets	1,180.07	1,644.47	1,180.07	1,710.83
Sale of services	12.55	28.47	26.15	52.30
Recoveries of financial assets written off	19.73	11.53	27.82	38.53
Net gain on fair value changes	339.43	307.82	212.87	307.82
Total revenue from operations	9,607.35	10,009.42	16,834.74	17,427.53
Other income	191.12	214.47	386.24	363.77
Total Revenue	9,798.47	10,223.89	17,220.98	17,791.30
Expenses				
Finance costs	3,959.29	4,371.82	7,082.89	7,741.10
Customer loyalty bonus	621.10	835.71	1,179.00	1,493.33
Impairment on financial instruments	974.12	558.28	994.54	850.83
Employee benefit expenses	1,767.77	1,772.48	3,383.35	3,425.84
Depreciation and amortisation expenses	202.99	201.45	427.60	374.25
Other expenses	686.56	836.03	1,157.30	1,453.35
Total expenses	8,211.83	8,575.77	14,224.68	15,338.70
Profit before tax	1,586.64	1,648.12	2,996.30	2,452.60
Tax expense:				
Current tax	517.86	479.18	919.18	698.24
Deferred tax	(159.23)	25.03	(154.37)	8.46
Tax for previous year	-	-	-	-
Total Tax expense	358.63	504.21	764.81	706.70
Profit for the period	1,228.01	1,143.91	2,231.49	1,745.90
Other comprehensive income (OCI)				
Items that will not be reclassified to profit or loss:				
Remeasurement gains / (losses) on defined benefit plans	17.33	(27.76)	17.33	(27.76)
Tax impact on above	(4.51)	6.99	(4.51)	6.99
Total other comprehensive income	12.82	(20.77)	12.82	(20.77)
Total comprehensive income	1,240.83	1,123.14	2,244.31	1,725.13
Earnings per equity share				
[Nominal value of share Rs. 10]				
Basic EPS	5.45	5.08	9.90	7.75
Diluted EPS	4.24	4.69	7.70	7.16

For and on Behalf of Board of Directors
Electronica Finance Limited

Ms. Shilpa Pophale
Managing Director
DIN 00182457

Place: Pune
Date: June 08, 2021

Statement of audited financial results for the year ended March 31, 2021

1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on June 07, 2021 and June 08, 2021 respectively, in accordance with the requirements of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. The results for the half year ended March 31, 2021 being the derived figures between audited figures in respect of full financial year ended March 31, 2021 and the published year to date figures up to the half year ended September 30, 2020 of the current financial year which were subjected to limited review by statutory auditors of the Company.

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

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

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

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

5. COVID-19 Relief Scheme for grant of ex-gratia:

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

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

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

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

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

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

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

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

8. 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.

9. Figures for the previous periods have been regrouped, wherever necessary, to make them comparable with the current period.

**For and on Behalf of Board of Directors
Electronica Finance Limited**

**Ms. Shilpa Pophale
Managing Director
DIN 00182457**

Place: Pune
Date: June 08, 2021