

EFL/2024-25/76

Date: September 05, 2024

To,
The Manager (Listing),
The BSE Limited,
P.J. Towers, Dalal Street,
Mumbai - 400 001.

Ref No: Scrip Code: 975061	Scrip ID: 1048EFL26	ISIN: INE612U07092
Scrip Code: 975117	Scrip ID: 1045EFL26	ISIN: INE612U07118
Scrip Code: 975280	Scrip ID: 13EFL29	ISIN: INE612U08041
Scrip Code: 975546	Scrip ID: 129EFL29	ISIN: INE612U08058
Scrip Code: 975965	Scrip ID: 1048EFL31	ISIN: INE612U07126

Sub: Intimation of Notice of 34th Annual General Meeting of Electronica Finance Limited (“the Company”) and Annual Report for the Financial Year 2023 - 2024 pursuant to Regulation 50(2) and Regulation 53 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Dear Sir/Madam,

This is to inform you that the 34th Annual General Meeting (“AGM”) of members of the Company is scheduled to be held on Friday, September 27, 2024 at 11.00 AM at Registered Office of the Company situated at 101/1, Erandawane, 'Audumbar', Dr. Ketkar Road, Pune - 411004 to consider the business as mentioned in the Notice of AGM.

Accordingly, pursuant to Regulation 50(2) and Regulation 53 of Listing Regulations, please find enclosed herewith the Notice of the 34th AGM and the Annual Report of the Company for the financial year 2023-2024 which is sent to the members /securities holders of the Company, who have registered their e-mail addresses with the Company/Depositories, through electronic mode today i.e. September 05, 2024.

The Notice of the 34th AGM and Annual Report of the Company for the FY 2023-2024 is also available on website of the Company at www.electronicafinance.com/investor-relations/.

We request you to kindly acknowledge and take on record the aforesaid information.

For Electronica Finance Limited

Vallabh Ghate
Company Secretary and Compliance Officer
Membership No: ACS: 41587

Copy to following for information: -

1) Catalyst Trusteeship Limited, GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road, Kothrud, Pune – 411 038.

Electronica Finance Limited

Audumbar, 101/1, Erandwane, Dr. Ketkar Road,
Pune 411004, Maharashtra (India)

+91 20 67290700 1800 233 9718 www.electronicafinance.com

contact@efl.co.in | CIN: U74110PN1990PLC057017



NOTICE OF THE 34TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING (“AGM”) OF THE MEMBERS OF ELECTRONICA FINANCE LIMITED (“COMPANY”) WILL BE HELD ON FRIDAY, SEPTEMBER 27, 2024, AT 11.00 A.M. (IST) AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 101/1, ERANDAWANE, 'AUDUMBAR', DR. KETKAR ROAD, PUNE - 411004 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. TO CONSIDER & ADOPT THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024 AND THE REPORT OF THE BOARD OF DIRECTORS AND THE AUDITORS REPORT THEREON:

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 129 and 134 of the Companies Act, 2013 ("Act") and other applicable provisions, if any (including any statutory modifications, amendment(s) or re-enactment thereof or the time being in force), the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 and the report of the Board of Directors' and the Independent Auditor's report thereon, be and are hereby considered and adopted."

2. TO DECLARE FINAL DIVIDEND ON COMPULSORY CONVERTIBLE PREFERENCE SHARES:

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT on the recommendation of the Board of Directors of the Company, the approval of the members be and is hereby accorded for payment of final dividend on preference shares, on pro rata basis, to the preference shareholders' on their respective Preference Share Capital of the Company, amounting to INR 1265.37/- (Indian Rupees One Thousand Two Hundred and Sixty-Five and Thirty-Seven paise), be paid for the financial year ended on March 31, 2024."

3. TO APPOINT A DIRECTOR IN PLACE OF MS. SHILPA POPHALE, MANAGING DIRECTOR & CEO (DIN: 00182457) WHO RETIRES BY ROTATION AND BEING ELIGIBLE OFFERS HERSELF FOR RE-APPOINTMENT:

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), or re-enactment(s) thereof for the time being in force), and Articles of Association of the Company and as per recommendation of Board of Directors ("Board") of the Company, the consent of the members of the Company be and is hereby accorded for re-appointment of Ms. Shilpa Pophale, Managing Director & CEO of the Company (DIN: 00182457), who retires by rotation at this Annual General Meeting, and being eligible, offers herself for re-appointment.

RESOLVED FURTHER THAT any Director or Company Secretary of the Company, be and are hereby severally authorized to do all such deeds, things and acts and take all such steps as may be necessary, proper or expedient to give effect to above resolution."

Electronica Finance Limited

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Pune 411004, Maharashtra (India)

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4. TO APPOINT M/S. SHARP & TANNAN ASSOCIATES, CHARTERED ACCOUNTANTS AS STATUTORY AUDITORS OF THE COMPANY:

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"**RESOLVED THAT** pursuant to the provisions of section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors,) Rules, 2014 (including any statutory modification(s), amendment(s) thereto or re-enactment(s) thereof for the time being in force) and the rules, guidelines and circulars issued by Reserve Bank of India (RBI), in this regard, from time to time, as per recommendation of Audit Committee and Board of Directors ("Board",) of the Company, the consent of the members of the Company be and is hereby accorded to appoint M/s. Sharp & Tannan Associates (FRN: 109983W), Chartered Accountants, as Statutory Auditors of the Company for a term of three (3) years with effect from conclusion of 34th Annual General Meeting to be held in FY 2024-2025 till conclusion of 37th Annual General Meeting to be held in FY 2027-2028, at an annual remuneration of INR 32,00,000/- p.a. (Indian Rupees Thirty-Two Lakhs only) excluding applicable taxes and out of pocket expenses, if any.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms and conditions of Statutory Auditors' appointment including but not limited to any revision in the remuneration to such extent as may be mutually agreed with the of Statutory Auditors.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such act matter, deeds and things necessary or desirable in connection with or incidental to give effect to the above resolution, including but not limited to filling of necessary forms with the Registrar of Companies, if required, and to comply with all other requirements in this regard"

Registered Office:

101/1, Erandawane 'Audumbar',
Dr. Ketkar Road, Pune - 411004

**By the order of the Board of Directors
For Electronica Finance Limited**

VALLABH
PRADEEP
GHATE

Digitally signed by
VALLABH
PRADEEP GHATE
Date: 2024.09.05
12:12:40 +05'30'

Vallabh Ghate
Company Secretary
Membership No: A41587

Date: August 13, 2024
Place: Pune

Electronica Finance Limited

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NOTES:

- (i) In line with the circulars of the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020, September 28, 2020, December 31, 2020, June 23, 2021, December 8, 2021, May 5, 2022, December 28, 2022, September 25, 2023 or any other circular as issued by Ministry of Corporate Affairs from time to time (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") circular SEBI/HO/DDHS/P/C1R12023/0164 dated October 06, 2023, the Notice of AGM is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories as on August 30, 2024. Members may note that Notice has been uploaded on the website of the Company at <https://www.electronicafinance.com/investor-relations/>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com.
- (ii) A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and such a proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. However, a member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other shareholder. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. The Proxy Form is annexed hereto.
- (iii) Pursuant to the provisions of Section 113 of the Companies Act, 2013, Body Corporates/ Institutional/ Corporate members intending for their authorized representatives to attend the meeting are requested to send to the Company, on investor.relations@efl.co.in from their registered Email ID a scanned copy (PDF / JPG format) of certified copy of the Board Resolution / Authority Letter authorizing their representative to attend and vote on their behalf at the meeting.
- (iv) Those Members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
- (a) Members holding shares in demat form can get their email ID registered by contacting their respective Depository Participant.
- (b) Members holding shares in physical form may register their email address by informing the Company at its investor email id investor.relations@efl.co.in.
- (v) The Company has been maintaining, inter alia, the following statutory registers at its registered office:
- (a) Register of contracts or arrangements in which Directors are interested under section 189 of the Companies Act, 2013.
- (b) Register of Directors and Key Managerial Personnel and their shareholding under section 170 of the Companies Act, 2013.
- In accordance with the MCA circulars, the said registers will be made available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send an email to investor.relations@efl.co.in.
- (vi) The Board of Directors at their meeting held on August 13, 2024 had recommended final dividend at the rate 0.001% of face value of preference shares on pro-rata basis to the preference shareholders' on their respective Preference Share Capital of the Company be paid for the financial year ended March 31, 2024, which if approved at this AGM, will be paid, subject to deduction of tax at source ("TDS") within 30 days from the date of AGM.
- (vii) The Company has fixed September 20, 2024 as the "Record date" for the purpose of determining the Members eligible to receive final dividend for the Financial Year ended March 31, 2024 and if the Final Dividend as recommended by the Board of Directors is approved and declared at the AGM, will be deposited in a scheduled bank in a separate account within five days from the date of

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declaration of such dividend.

- (viii) Relevant documents referred to in this Notice of AGM, will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM i.e. September 27, 2024. Members seeking to inspect such documents can send an email to investor.relations@efl.co.in.
- (ix) Brief profile and other additional information pursuant to Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, in respect of the Directors seeking re-appointment at the AGM, is furnished in **Annexure - A** to this Notice.
- (x) The Ministry of Corporate affairs by virtue of notification dated September 10, 2018 has amended the Companies (Prospectus and Allotment of Securities) Rules, 2014. According to this notification; Every holder of securities of an unlisted public company,
 - (a) who intends to transfer such securities on or after October 2, 2018, shall get such securities dematerialised before the transfer; or
 - (b) who subscribes to any securities of an unlisted public company (whether by way of private placement or bonus shares or rights offer) on or after October 2, 2018 shall ensure that all his existing securities are held in dematerialized form before such subscription.

To facilitate the shareholders of the Company to dematerialize their shareholding in the Company, the Company has made admission of its securities on both depositories namely Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Company has appointed M/s. Link Intime India Pvt. Ltd. as share transfer agent (RTA). The members who are holding shares in physical form are requested to avail dematerialization facility. For further information, please refer to the FAQs posted by NSDL on its website www.nsdl.co.in and CDSL on its website www.cdslindia.com.

- (xi) Route map of the venue is annexed hereto.
- (xii) Entry to the place of meeting will be regulated by an attendance slip which is annexed hereto. Members/Proxies attending the meeting are kindly requested to complete the enclosed attendance slip and affix their signature at the place provided thereon and hand it over at the entrance.

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ANNEXURE A

Details of Director who retires by rotation and being eligible, offers herself for reappointment, as required pursuant to provisions of Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India:

Name of Director	Ms. Shilpa Pophale
Category	Promoter - Managing Director & CEO
DIN	00182457
Date of Birth	09/03/1971
Age	53
Nationality	Indian
Date of first appointment on Board	01/06/2006
Qualification	1. Master of Science from Pune University 2. Programme for Leadership Development from 'Harvard Business School' 3. Venture Capitalist Development Program from 'Indian School of Business'.
Expertise in specific functional areas	Ms. Shilpa Pophale has been associated with Electronica Finance Limited (EFL) for over eighteen years and has worked in multiple roles before becoming the Chief Executive Officer of the Company in 2003 & taking over as the Managing Director of the company in 2007.
List of Directorships held in other Companies	1. Electronica Industries Limited 2. Electronica Hitech Machine Tools Private Limited 3. Mugdha Investment And Finance Private Limited
Membership/ Chairmanship of Committees of other Boards (As per Companies Act, 2013)	1. Corporate Social Responsibility Committee - Member 2. Nomination and Remuneration Committee - Member 3. Risk Management Committee - Member 4. Stakeholders' Relationship Committee - Member
Last drawn Remuneration Details along with remuneration sought to be paid	Rs. 144.70 Lakhs (FY 23-24)
No. of Equity Shares held in Company	7,88,000
Relationships between Directors/Managers/KMP	Wife of Mr. Sujit Natekar, Non-Executive Director

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FORM NO. MGT – 11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U74110PN1990PLC057017
Name of the Company : Electronica Finance Limited
Registered Office : 101/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune, - 411004

Name of the member (s):
Registered address:
E- mail id:
Folio No / Client Id:
DP ID:

I / We, being the member (s) of _____ shares of the above named company, hereby appoint

1. Name:
Address:
E-mail id:
Signature: or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company to be held on Friday, September 27, 2024, at 11 A.M at the registered office of the Company at 101/1, Erandawane 'Audumbar', Dr. Ketkar Road, Pune, - 411004 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	Yes/ No
1.	To consider & adopt the Audited Financial Statements of the Company together with the Auditors Report and the report of the Board of Directors for the financial year ended March 31, 2024.	
2.	To declare the Dividend on 0.001% Compulsory Convertible Preference Shares for the financial year ended 31 st March, 2024	
3.	To appoint a director in place of Ms. Shilpa Pophale, Managing Director & CEO (DIN: 00182457) who retires by rotation and being eligible offers herself for re-appointment.	
4.	To Appoint M/s. Sharp & Tannan Associates, Chartered Accountants as Statutory Auditors of the Company.	

Signed this _____ day of _____.

Affix Revenue Stamp

Electronica Finance Limited

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Pune 411004, Maharashtra (India)

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ATTENDANCE SLIP

34th Annual General Meeting to be held on Friday, September 27, 2024, at 11.00 A.M

(Shareholder's Name in BLOCK Letters)	
Address	
Regd. Folio No./Client ID	
No. of Shares held	

I certify that I am a registered shareholder / proxy for the registered shareholders of the Company.
(Member's / proxy's name and address in Block Letters to be furnished below)

I hereby record my presence at 34th Annual General Meeting of Electronica Finance Limited to be held on Friday, September 27, 2024 at 11.00 A.M

If signed by Proxy, name should be
Written here in Block Letters

Member's/ Proxy's signature

Note: Please fill in this attendance slip and hand it over at the entrance of the meeting hall.

Electronica Finance Limited

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Pune 411004, Maharashtra (India)

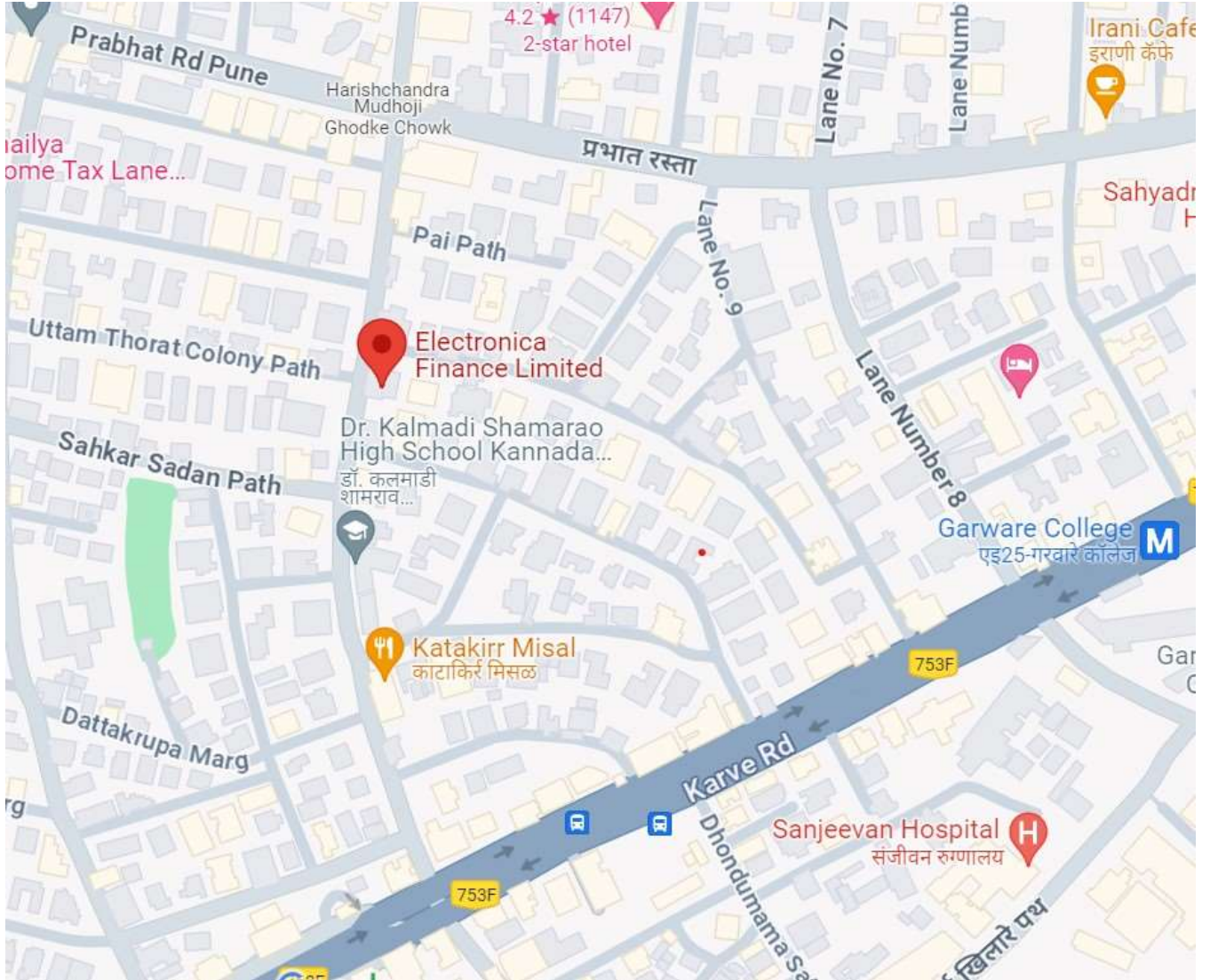
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ROUTEMAP

VENUE: 101/1, ERANDAWANE 'AUDUMBAR', DR. KETKAR ROAD, PUNE - 411004



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ANNUAL
REPORT 2023-24



Annual Report 2023-24

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CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Ms. Shilpa Pophale	Managing Director & CEO
2. Mr. Sujit Natekar	Non-Executive Director
3. Mr. Mohan Tanksale	Independent Director
4. Mr. Ameya Bijoor	Non-Executive Director
5. Mrs. Smita Sandhane	Independent Director
6. Ms. Sandhya Vasudevan	Independent Director
7. Mr. Stewart Langdon	Non-Executive Director (w.e.f. June 04, 2024)
8. Mr. Anurag Agrawal	Non-Executive Director (w.e.f. June 04, 2024)

CHIEF FINANCIAL OFFICER

Mr. Vivekanand Ramachandran (up to February 02, 2024)
Mr. Vipin Maheshwari (w.e.f. August 12, 2024)

COMPANY SECRETARY

Ms. Khwahish Rawal (up to June 21, 2023)
Mr. Vallabh Ghate (w.e.f. November 20, 2023)

STATUTORY AUDITORS

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

OUR FINANCERS

- | | | |
|------------------------------|------------------------------------|--------------------------------------|
| ▶ Aditya Birla Finance Ltd | ▶ IDBI Bank | ▶ SIDBI |
| ▶ AK Capital Finance Limited | ▶ IDFC First Bank Ltd | ▶ South Indian Bank |
| ▶ AU Small Finance Bank | ▶ Indian Bank | ▶ State Bank of India |
| ▶ Axis Finance | ▶ Indian Overseas Bank | ▶ Symbiotics - AAV SARL |
| ▶ Bajaj Finance Ltd | ▶ Karur Vyas Bank Ltd | ▶ Symbiotics - Masala Investments |
| ▶ Bandhan Bank | ▶ Kisetsu Saison Finance Pvt. Ltd. | ▶ Tata Capital Financial Services |
| ▶ Bank of Baroda | ▶ Lighthouse Canton | ▶ Tipsons Financial Services Pvt Ltd |
| ▶ Bank of India | ▶ Maharashtra Gramin Bank | ▶ Triple Jump - DGGF |
| ▶ Bank of Maharashtra | ▶ Nabkisan Finance (NABARD) | ▶ UCO Bank |
| ▶ Canara Bank | ▶ Nabsamruddhi Finance (NABARD) | ▶ Unifi AIF |
| ▶ CSB Bank | ▶ Naval Group Insurance Fund | ▶ Union Bank |
| ▶ Federal Bank Limited | ▶ Punjab National Bank | ▶ Utkarsh Small Finance Bank Ltd |
| ▶ HDFC Bank | ▶ ResponsAbility- GCPF | ▶ Yes Bank Ltd |
| ▶ ICICI Bank | ▶ SBM Bank | ▶ Yubi / Credavenue |



CORPORATE INFORMATION

DEBENTURE TRUSTEES

Catalyst Trusteeship Limited

Address: 901, 9th Floor, Tower-B, Peninsula Business Park,
Senapati Bapat Marg, Lower Parel (W), Mumbai - 400013
Email: dt.mumbai@ctltrustee.com | **Phone:** +91 (022) 4922 0555

Vardhman Trusteeship Private Limited

Address: The Capital, A Wing, 412A, Bandra Kurla Complex, Bandra (East), Mumbai-400051.
Email: compliance@vardhmantrustee.com | **Phone:** +91 (022) 4264 8335

CONTACT INFORMATION

Electronica Finance Limited

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

Letter from

The Managing
Director & CEO



**SHILPA
POPHALE**

The Govt. of India is promoting the China +1 strategy and has introduced PLI on key 14 sectors. These developments are expected to benefit the entire value chain, especially the MSMEs. The Indian MSME sector is projected to grow to \$1 Tn by 2028.

Dear Shareholders,

I am elated to present the highlights of the financial year 2023-24. The financial year gone by has been a very trying year on the world scene, with ongoing wars on the ground, while new ones erupting. Against this background of multiple geo-political disruptions, global growth maintained a slow pace but the global economy achieved greater stability in 2023.

Despite a gamut of global and external challenges, India's economy carried forward the momentum it built in FY23 into FY24. India's real GDP grew by 8.2% in FY24, driven by stable consumption demand and steadily improving investment demand.

The Govt. of India is promoting the China +1 strategy and has introduced PLI on key 14 sectors. These developments are expected to benefit the entire value chain, especially the MSMEs. The Indian MSME sector is projected to grow to \$1 Tn by 2028.

In FY24, rural wages rose by more than 5% every month, Y-o-Y. Two-wheelers sales were up by 13% and a 6% growth in FMCG sales was observed in rural India. In 2024, the asset under management (AUM) of non-banking financial companies (NBFCs) exhibited a remarkable year-on-year growth of 22%. Although growth was stunted during the pandemic years, it

has since rebounded strongly.

Your company also had the most significant year in terms of overall growth and profitability –

- Highest ever disbursement in FY24 with ₹2,261 Cr (Y-o-Y growth of 23%)
- Overall AUM growth of 31%
- Revenue growth of 64% and Profit growth of 53%
- Best in-class GNPA of 1.45% and NNPA of 0.8%
- Continued geographical expansion – addition of 51 new locations
- People strength increased by 40%
- Efficient treasury management and relationship with leading PSU, private banks and global debt lenders
- Successful completion of the equity fundraise
- Launch of the Digital customer onboarding platform – EFLClik

Your company has started work towards raising equity capital to power in its next phase of growth. In this regard, we were able to complete the transaction during FY24, while the proceeds of the new equity capital were received at the beginning of FY25. It's heartening to note that in this process, your company could partner with two high-quality impact investors; Leapfrog Investments and

Aavishkaar Capital. The successful completion of the equity fundraise during the funding winter speaks volumes about the confidence the investors have posed in the company's business model and the management's ability to achieve the long-term growth objectives which has a strong impact resonance.

The company was able to roll out its digital app, EFL Clik which provides a smooth experience to the customers for onboarding as well as helps the sales team work efficiently and more productively. The company has also taken steps to enhance its information security and created robust tools for managing cyber risks. These are also in line with the regulatory requirements.

Keeping in mind its vision of being a catalyst for transforming lives and

The company has been witnessing rapid growth over the last 4-5 years and it is important that we take a stock check of where we want to go from here onwards. Accordingly, in FY24, your company worked on formulating a strategic roadmap culminating in long-term goals based on its vision and mission. The roadmap laid out plans to achieve the desired financial goals, people initiatives and the technology roadmap. This was done through a detailed workshop and was a mix of internal reflections and outside-in perspectives.

Your company is uniquely positioned to continue the growth trajectory of the last few years. This is by virtue of its vintage & expertise, the trust that most stakeholders have, our customer centricity and our clear strategy. We will build on this to achieve the following in FY25:

- Continue the growth rate for disbursements, AUM & profitability
- Maintain best-in-class asset quality
- Continue to automate and digitize the processes with the aim of providing ease of doing business
- Launch the company's first ever completely digital product for residential rooftop solar finance
- Scale up the HR function, especially on talent acquisition, management & retention
- Acquire talent at the CXO level to manage the next phase of high-level growth
- Strengthen the risk & compliance function
- Significantly deliver on the company's ESG goals
- Lay the groundwork for raising more capital to strengthen the balance sheet

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.



Your company continues to create an impact through its solar finance, machine financing as well as micro LAP business.”

creating an impact on society, your company implemented a comprehensive ESG policy that covers topics around compliance, and how EFL manages its operations sustainably and also takes care of governance and employment-related aspects. The company appointed an ESG & Sustainability head to drive all ESG-related initiatives, who will be supported by a dedicated team. Your company continues to create an impact through its solar finance, machine financing as well as micro LAP business.

During the year, your company participated in the National Apprenticeship Programme (NAPS). Under this programme, the company enrolled 150 apprentices and trained them in sales, product etc. in the Micro LAP business.

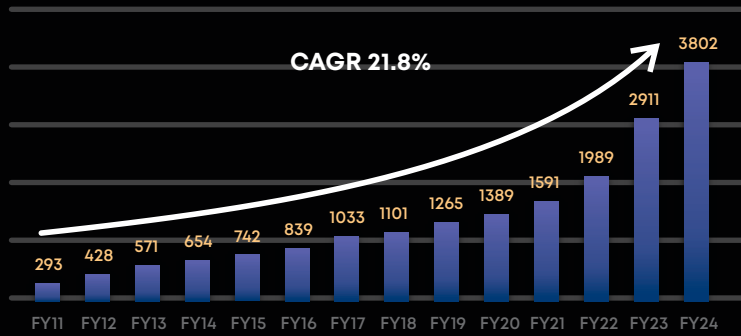


Annual Report 2023-24

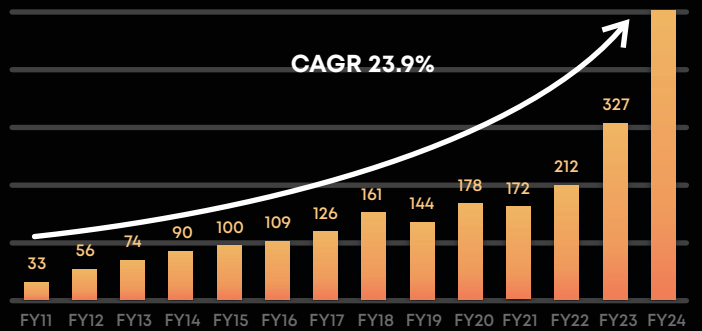
Snapshot of Company Performance

Performance

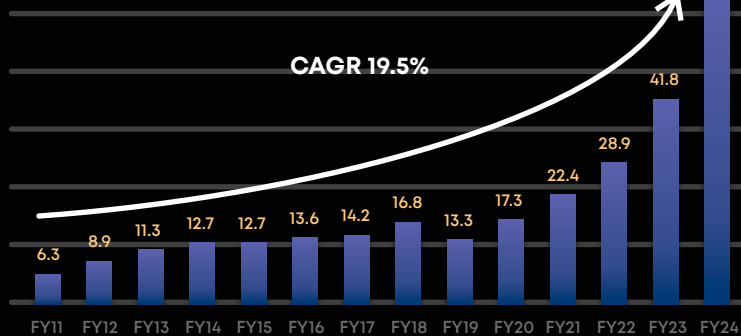
AUM (₹ in crores)



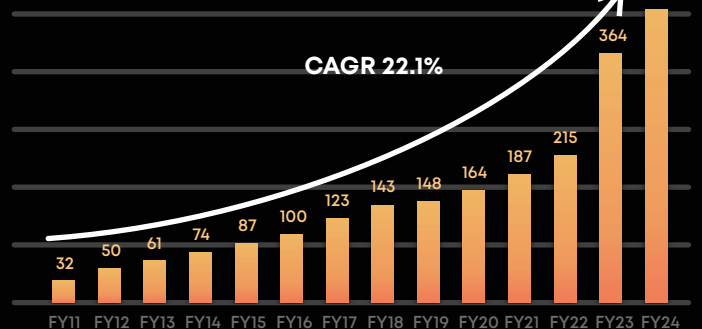
INCOME (₹ in crores)



PAT (₹ in crores)



NETWORTH (₹ In Crores)



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\$48
MILLION

EFL RAISES ₹400 Cr AS
PART OF SERIES - B FUNDRAISE

Igniting new Partnerships with LeapFrog &
Aavishkaar Capital for Sustainable Growth!

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TO,
**THE MEMBERS,
 ELECTRONICA FINANCE LIMITED**

The Board of Directors (“Board”) are delighted to present the 34th Annual Report of **Electronica Finance Limited** (“the Company” or “EFL”) covering the business and key operational highlights of your Company together with the Audited Financial Statements for the year ended March 31, 2024.

FINANCIAL RESULTS AND HIGHLIGHTS:

• FINANCIAL SUMMARY

The summary of the Company’s financial performance for the year ended March 31, 2024 as compared to the financial year ended March 31, 2023 is given below:

(Rs. in Lakhs)			
Particulars	For the year ended 31st March, 2024	For the year ended 31st March, 2023	Change in %
Revenue from Operations	49,176.28	31,609.27	55.58
Other Income	4,539.19	1,121.75	304.65
Total Revenue	53,715.47	32,731.02	64.11
Total Expenses	44,944.32	27,121.18	65.72
Profit before tax	8,771.15	5,609.84	56.35
Total tax expenses	2,377.17	1,432.83	65.91
Profit after tax	6,393.98	4,177.01	53.08
Other comprehensive income / (loss) for the year (net of tax)	(21.80)	(23.37)	-6.72
Total Comprehensive Income (Net of Tax)	6,372.18	4,153.64	53.41
Surplus at the beginning of the accounting period	15,747.22	12,428.98	-
Appropriations			
Transfer to Statutory Reserve	1,278.80	835.40	-
Dividend and related distribution tax	0.01	0.00	-
Balance carried forward	20,840.61	15,747.22	-

• HIGHLIGHTS OF FINANCIAL PERFORMANCE

Your Company remains focused on lending to Micro, Small and Medium Enterprises (MSMEs). The Company witnessed continuous growth and consistent performance in FY 2023-24. The key financial performance indicators for the year are as follows:

- The gross income of the Company surged to Rs. 53,715.47 Lakhs, marking a remarkable growth of 64.11% as compared to Rs. 32,731.02 Lakhs in the previous year.
- The total loan assets under management of the Company increased significantly from Rs. 2,910 Crores to Rs. 3,802 Crores reflecting a 31% growth.
- The net profit of the Company rose from Rs. 4,177.01 Lakhs to Rs. 6,393.98 Lakhs showcasing a substantial growth of 53.08%.
- The Company effectively managed its asset quality, reporting a Gross NPA of 1.45% and Net NPA of 0.81%.
- The Capital Adequacy Ratio as of March 31, 2024, stands at 18.31%, compared to 19.25% as of March 31, 2023, reflecting a strong net worth position which is well above the stipulated requirement of 15% by the Reserve Bank of India.
- During the year, the Company has disbursed loans totaling to Rs. 2,261 Crores which represents growth of 22.02% as compared to Rs. 1,853 Crores for the financial year ended March 31, 2023.

During the year, the Company continued the expansion of the retail lending business and added new branches for its flagship machine finance business as well.

DIRECTOR'S REPORT

TRANSFER TO RESERVES

According to the provisions of section 45-IC of the RBI Act, 1934, non-banking financial companies ("NBFCs") are required to transfer a sum not less than 20% of its net profit every year to reserve fund before declaration of any dividend. Accordingly, the Company has transferred a sum of the Company transferred an amount of ₹1,278.80 lakhs to Statutory Reserves. The Company, being an NBFC, is exempt from transferring any amount to debenture redemption reserve in respect of privately placed debentures. However, the Company maintains sufficient liquidity buffer and asset cover at all times to fulfil its obligations under debenture documents.

DIVIDEND

In view of the future growth of the Company, the Board of Directors has decided to conserve capital and therefore no dividend on equity shares was declared for FY 2023-24.

Further, the Board recommended the dividend on preference shares, for the financial year 2023-24 at the rate of 0.001% of face value of preference shares amounting to ₹1,265.37/- (Indian Rupees One Thousand Two Hundred Sixty-Five and Thirty-Seven Paisa only) at its meeting held on August 13, 2024, which is subject to approval of the shareholders at the ensuing Annual General Meeting.

BORROWINGS

As on March 31, 2024, the Company had a total outstanding borrowings of Rs. 1,95,926.66 lakhs with secured borrowings constituting Rs. 1,75,154.54 lakhs.

No interest payment or principal repayment of the loans was due and unpaid as on March 31, 2024.

OPERATIONAL HIGHLIGHTS

- Customer base of the Company increased by over 33% to 44,579.
- During the year under review, 52 new branches were opened.
- As at March 31, 2024, the Company had presence in 15 states and 2 union territories.
- AUM increased to Rs. 3,802 Crores as at March 31, 2024 from Rs. 2,910 Crores as at March 31, 2023
- Employee count increased to 2,208 as at March 31, 2024 from 1,661 as at March 31, 2023.
- During the year, the Company has launched a mobile app named **EFL Klik**.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Global economic scenario

Though the year 2023 - 24 was full of headwinds like the turmoil in Middle East and European geopolitical tensions, the risks to Global outlook are now broadly balanced. The journey was eventful starting with supply-chain disruptions, post pandemic followed by Russia-Ukraine conflict which triggered global energy and food crisis with a significant surge in inflation. This was followed by monetary policy tightening all over the world. Accordingly, when we analyse the situation at the end of FY24, the situation looks much better managed globally.

The baseline forecast is for the world economy to continue growing at 3.2 percent during 2024 and 2025. Estimates indicate, much of this growth to be coming from emerging markets, while the advanced economies may grow with a tepid pace. Inflation is being brought under control in most regions through restrictive monetary interventions and supply-side issues being resolved. Inflation at global levels is expected to fall to 5.9% in 2024 and sharply down to 4.5% in 2025. With the inflation falling, emerging countries like India, Mexico, and Vietnam shall gain significantly.

Indian Economic Outlook

India's strong fundamentals has led to annual GDP growth of 8.2% in FY 2023-24, thereby being one of the fastest-growing emerging economies of the world. This strong growth has come amidst multiple factors like robust economic fundamentals, economic shock proof balance sheets of banks and corporations, fiscal discipline, stability in external balances and more than adequate foreign exchange reserves.

The Finance budget for FY 2024-25 shares a long term vision of stable and thriving Indian economy as we aim to achieve fiscal deficit of 4.5% by next year. The government has made significant investment over the years in building and improving infrastructure, which has had a strong multiplier effect on the economy. An amount of ₹11.11 Lakh Crore has been allocated for capital expenditure, which is 3.4 percent of GDP, leading to capital formation that reaps benefits over the next few years. Even the high-frequency indicators like PMI, GST revenue realisation, advance tax payments, current account balance continue to show strong growth momentum.

The Indian economy's resilience is also reflected in its stock market, which has reached all-time highs, signalling strong investor confidence driven by ongoing reforms, demographic advantages, and technological advancements

Indian MSME Landscape

As of March 2024, the Udyam portal, including the Udyam Assist Platform (UAP), has registered over 4 crore MSMEs, marking a steady increase over the years. The vibrancy in this segment can be gauged from the Government e-Marketplace (GeM) portal's processing of 5.8 million orders worth Rs. 3,87,006 crores (US\$ 46.67 billion) with significant participation from primary and secondary buyers.

As per data as on Dec' 23, Maharashtra leads the count of registered MSMEs while the entire MSME sector has total of 6.3 crore enterprises, which is projected to expand to 7.5 crore, growing at a CAGR of 2.5%, with only 2.5 crore having accessed formal credit to date.

NBFC Sector

As per CRISIL estimates, NBFCs' share of the overall credit market has increased from 12% in Fiscal 2008 to 18% in Fiscal 2023 and is projected to remain stable in Fiscal 2024. Also, CRISIL believes that NBFCs will continue to be a significant force in the Indian credit landscape, given their inherent strength in providing last-mile funding and serving customer segments that banks do not typically cater to.

FUTURE OUTLOOK

Economic Growth

The International Monetary Fund (IMF) has upgraded India's GDP forecast for FY2024-25 to 7%, a 20 basis points increase from the previous estimate of 6.8% in April. This revision reflects stronger-than-expected consumption, particularly in rural areas.

India aims to become a major global manufacturing hub, with the potential to export goods worth US\$ 1 trillion by 2030. The sector is projected to reach US\$ 1 trillion by FY2025-26, led by investments in the automobile, electronics, and textile industries.

Government initiatives such as Make in India and Production Linked Incentive (PLI) schemes are driving growth, attracting foreign direct investment (FDI), and enhancing industrial infrastructure. The government has announced Production Linked Incentive (PLI) schemes for 14 key sectors with a total outlay of Rs. 1.97 lakh crore (over US\$ 26 billion).

NBFC

CRISIL projects NBFC credit to grow at a CAGR of 12-14% between Fiscal 2023 and Fiscal 2025. This growth will be driven by the retail vertical, including MSMEs, housing, auto, and microfinance segments. A rapid economic revival is expected to boost consumer demand in Fiscal 2024, fostering robust growth for NBFCs.

CREDIT RATING

The Credit ratings on various bank facilities and 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

*The rating has been upgraded by India Ratings to "IND A/Stable" with effect from July 12, 2024.

COMPLIANCE AND REGULATORY

During the year under review, the Company has complied with all the prudential norms, regulations and guidelines prescribed by RBI applicable to NBFCs and the laws, regulations, circulars, notifications as required under the Companies Act, 2013, all the applicable SEBI Regulations, tax laws and other regulatory provisions.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business of the Company during the year under review.

DIRECTOR'S REPORT

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:

The material changes and commitments which affected the financial position of your Company, which occurred between the end of the financial year to which the financial statements relate and up to the date of this Report are as follows:

- a) In accordance with a Special Resolution passed by the members of the Company at their Extra-Ordinary General Meeting convened on May 30, 2024, the Company has successfully made private placements to the following investors:

Investors	No. of Shares allotted	Amount received (in ₹)
Wanaka Inclusion Limited	21,64,190 (Twenty-One Lakh Sixty-Four Thousand One Hundred and Ninety) Series B1 Compulsorily Convertible Cumulative Preference Shares;	75,00,00,044.50 (Indian Rupees Seventy-Five Crore Forty-Four and Fifty Paise)
	59,02,278 (Fifty-Nine Lakh Two Thousand Two Hundred and Seventy-Eight) Series B2 Compulsorily Convertible Cumulative Preference Shares;	2,04,54,34,440.90 (Indian Rupees Two Hundred and Four Crore Fifty Four Lakh Thirty Four Thousand Four Hundred and Forty and Ninety Paise)
Aavishkaar India Fund VI acting through its trustee, Aavishkaar Venture Trustees Private Limited	25,05,476 (Twenty-Five Lakh Five Thousand Four Hundred and Seventy-Six) Equity Shares.	93,18,11,610.65 (Indian Rupees Ninety-Three Crore Eighteen Lakh Eleven Thousand Six Hundred Ten and Sixty Five Paise)

The aggregate consideration for these allotments amounts to Rs. 37,272.46 Lakhs. These allotments represent a prudent move by the Company to strengthen its capital base and foster growth opportunities in alignment with its strategic objectives. The transaction underscores our commitment to partnering with esteemed investors to fuel our expansion and enhance the shareholder's value.

- b) The Company has adopted restated Articles of Association at the Extra-Ordinary General Meeting held on July 01, 2024.

Further, apart from the above, no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the financial year i.e. March 31, 2024 and the date of this Report.

SUSTAINABILITY INITIATIVES:

Sustainable development is a comprehensive concept that harmonizes economic growth, environmental protection, and social equity to ensure long-term prosperity and well-being for people and planet.

EFL remains dedicated to transforming lives and positively impacting society through various initiatives, including the following:

- Expansion of the Emerging Enterprise Loans (EEL) Business:** Since diversifying into retail MSME lending in Gujarat in 2019, EFL has significantly expanded its reach. Over the past year, EFL has extended its operations to three additional states: Rajasthan, Madhya Pradesh, and Telangana. With a presence in over 170 locations across these four states, EFL has served more than 24,000 customers in rural and peri-urban regions. The businesses supported by EEL loans are seamlessly integrated into their local ecosystems, fostering self-sufficiency and driving sustainable development. These loans are utilized for business expansion and home renovation, with a specific focus on improving water, sanitation, and hygiene (WASH) infrastructure. Notably, nearly 50% of these borrowers are new to the formal credit system, underscoring EFL's crucial role in promoting financial inclusion.
- Rapid Growth in Rooftop Solar Finance:** EFL's commitment to clean energy has led to more than a 100% increase in its renewable energy finance portfolio during FY2023-24. Over the past year, EFL has facilitated the installation of 32 MW of solar energy equipment, bringing the total cumulative installation to over 70 MW. EFL has successfully created an ecosystem of 900+ EPCs across the country, serving as partners in environmental stewardship. Additionally, EFL now boasts over 1,000 satisfied customers, collectively contributing to a reduction in carbon emissions by approximately 38,000 tons. Guided by its ESG policy, EFL ensures that its initiatives contribute to both sustainable development and meaningful societal impact.

BUY BACK OF SECURITIES:

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.

EMPLOYEES STOCK OPTION PLAN

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

SHARE CAPITAL

I. During the financial year 2023-24, your Company has increased its Share Capital in following manner:

	As on April 1, 2023	Addition	As on March 31, 2024
Authorised Share Capital	₹ 5,050 Lakhs	Increase	₹ 7,250 Lakhs
Equity Shares	₹ 3,650 Lakhs consisting of 3,65,00,000 equity shares of ₹ 10/- each	No Change	₹ 3,650 Lakhs consisting of 3,65,00,000 equity shares of ₹ 10/- each.
Preference Shares	₹ 1,400 Lakhs consisting of 70,00,000 Preference Shares of ₹ 20/- each	₹ 2,200 Lakhs consisting of 1,10,00,000 Preference Shares of Rs. 20/- each	₹ 3,600 Lakhs consisting of 1,80,00,000 Preference Shares of ₹ 20/- each
Issued, Subscribed and Paid-Up Share Capital	₹ 3,518.83 Lakhs	No Change	₹ 3,518.83 Lakhs
Equity Shares	₹ 2,253.46 Lakhs consisting of 2,25,34,645 Equity Shares of ₹ 10/- each	No Change	₹ 2,253.46 Lakhs consisting of 2,25,34,645 Equity Shares of ₹ 10/- each
Preference Shares	₹ 1,265.36 Lakhs consisting of 63,26,839 Preference Shares of ₹ 20/- each	No Change	₹ 1,265.36 Lakhs consisting of 63,26,839 Preference Shares of ₹ 20/- each

II. During the financial year 2023-24, the Company has issued following Non-Convertible Debenture on Private Placement Basis, as follows: -

- 4,500 Secured, Rated, Unlisted, Redeemable Non-Convertible Debenture having face value of ₹ 1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹45,00,00,000/- (Indian Rupees Forty-Five Crores) on July 21, 2023.
- 2,500 Secured, Rated, Unlisted, Redeemable Non-Convertible Debenture having face value of ₹ 1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹25,00,00,000/- (Indian Rupees Twenty-Five Crores) on August 31, 2023.
- 2,500 Secured, Rated, Listed, Redeemable Non-Convertible Debenture having face value of ₹ 1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹25,00,00,000/- (Indian Rupees Twenty-Five Crores) on September 05, 2023.
- 2,400 Secured, Rated, Listed, Redeemable Non-Convertible Debenture having face value of ₹ 1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹24,00,00,000/- (Indian Rupees Twenty-Four Crores) on September 27, 2023.
- 3,500 Unsecured, Subordinated, Rated, Listed, Redeemable Non-Convertible Debenture having face value of ₹1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹35,00,00,000/- (Indian Rupees Thirty-Five Crores) on December 28, 2023.
- 1,500 Unsecured, Subordinated, Rated, Listed, Redeemable Non-Convertible Debenture having face value of ₹1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹15,00,00,000/- (Indian Rupees Fifteen Crores) on January 24, 2024.
- 2,000 Unsecured, Subordinated, Rated, Listed, Redeemable Non-Convertible Debenture having face value of ₹1,00,000/- (Indian Rupees One Lakhs) each aggregating to ₹20,00,00,000/- (Indian Rupees Twenty Crores) on March 26, 2024.

DIRECTOR'S REPORT

III. During the year under review, the Company has not redeemed any Non-Convertible Debentures.

LISTING OF SECURITIES

During the year, the Company has issued Non-Convertible Debentures through private placement which are listed on Wholesale Debt Market at BSE Limited, whereas the equity shares of the Company are not listed on any Stock Exchange.

STATUTORY AUDITORS AND THEIR REPORT

In accordance with the 'Guidelines on appointment of statutory auditor(s) by Non-Banking Financial Company (NBFC)' vide Circular RBI/2021-22/25 Ref. No. DoS. CD.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 ('Circular'/'Guidelines') issued by RBI, the Company shall appoint the statutory auditors for the continuous period of three (3) years, subject to the firm satisfying the eligibility norms each year.

In accordance with the circular and provisions of section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the members of the Company at their 31st Annual General Meeting convened on 30th September, 2021 had appointed M/s Mukund M Chitale & Co., Chartered Accountants (Firm Registration No.106655W) as Statutory Auditors of the Company for a term of three years i.e., till the conclusion of the 34th Annual General Meeting of the Company to be held in year 2024. The Company obtains the declaration of fulfilment of eligibility criteria in accordance with the provisions of Section 141 of the Companies Act, 2013 and guidelines issued by RBI from the Statutory Auditors on an annual basis.

Accordingly, M/s. Mukund M. Chitale & Co, Chartered Accountants, present statutory auditors will cease to be the auditors of the Company at the conclusion of 34th Annual General Meeting.

Further, on recommendation of the Audit Committee of Board of Directors, the Board (subject to approval of members in the ensuing 34th Annual General Meeting) has approved appointment of M/s. Sharp & Tannon Associates, Chartered Accountants (Firm Registration Number: 109983W) as Statutory Auditors of the Company for period of 3 (three) years from the conclusion of 34th Annual General Meeting to be held in Financial Year 2024-25 until the conclusion of 37th Annual General Meeting to be held in the Financial Year 2027-28. It is also informed that subject to the member's approval on appointment, it will conduct audit / limited review of financial statements/results of the Company from quarter ending September 30, 2024 onwards.

The audit report for the financial year ended March 31, 2024 submitted by M/s Mukund M. Chitale & Co., Chartered Accountants remains unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer. The Auditors' Reports on the Financial Statements for the Financial Year ended March 31, 2024 forms part of this Annual Report.

INTERNAL AUDITORS AND THEIR REPORT

Pursuant to Section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 and on the recommendation of Audit Committee of the Board of Directors of the Company, the Board had appointed M/s. Kirtane & Pandit LLP, Chartered Accountants as Internal Auditors of the Company for the financial year 2023-24.

The Audit Committee quarterly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures, risk management, governance systems and processes.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and on the recommendation of the Audit Committee of the Board of Directors of the Company, the Board has appointed M/s Mehta & Mehta, Company Secretaries as the Secretarial Auditor of the Company for the FY 2023-24 considering their satisfactory performance during the previous years.

The secretarial audit report for FY 2023-24 as issued by Secretarial Auditor in the prescribed Form MR-3 forms part of this Board's report as **Annexure I**. There is no qualification, reservation or adverse remark or disclaimer made by Secretarial Auditors in their report.

COST AUDITORS AND THEIR REPORT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013, are not applicable in respect of the business activities carried out by the Company.

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 provided hereunder:

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 molding 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 CO₂ emissions and as such has contributed to our efforts in conservation of energy. Your Company has financed the installation of 23 MW of solar capacity which resulted in an estimation reduction in CO₂ emissions by around 38,000 tons.

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

Technology absorption:

Being a Financial Company, we have implemented relevant IT applications to manage and automate our business processes to achieve better efficiency, data integrity and data security.

Foreign Exchange Earnings & Outgo

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In compliance of the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has duly constituted a Corporate Social Responsibility (CSR) Committee which defines the scope of the CSR Projects for the Company and its implementation as per Board approved CSR policy.

The detailed report on CSR activities undertaken by the Company forms part of this Board's report as **Annexure II**.

The policy has also been hosted on the website of the Company at <https://www.electronicafinance.com/investor-relations/> under Policies section.

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

Pursuant to Section 186(11) (a) of the Act read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India are exempt from the applicability of provisions of Section 186 of the Act. As such the particulars of loans and guarantees have not been disclosed in this Report. The details of the Investments of the Company are furnished under Note 8 of Notes forming part of the Financial Statements for the year ended 31st March, 2024.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangement/transactions entered by the Company during FY 2023-24 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 in nature. Pursuant to

DIRECTOR'S REPORT

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, forms part of this Board's report as **Annexure III**.

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.

CORPORATE GOVERNANCE REPORT

The Company has been practicing the principle of good Corporate Governance over the years. Corporate Governance is about commitment to values, ethical business conduct and considering all stakeholder's interest in the conduct of its business. Corporate Governance reflects core values around the principles and ideals based on independence, transparency, accountability, responsibility, compliance, ethics and trust. The report on corporate governance forms an integral part of this Board's report as **Annexure IV**.

SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES

As on March 31, 2024, the Company does not have any subsidiaries, joint ventures, or associate companies.

SECRETARIAL STANDARDS

The Company has complied with Secretarial Standard issued by The Institute of Company Secretaries of India on Meetings of Board of Directors and General Meetings.

MEETINGS OF THE BOARD

Four (4) meetings of the Board were held during year ended March 31, 2024. Details of the meetings and attendance thereat forms part of the 'Corporate Governance Report'.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL(S)

A. COMPOSITION OF BOARD OF DIRECTORS

The Composition of Board of Directors of the Company ("Board") is in conformity with the Companies Act, 2013 and rules made thereunder and RBI Master Directions.

As on March 31, 2024, the Board comprised of 6 (Six) Directors, consisting of 3 (Three) Independent Directors including 2 (Two) Women Independent Directors, 2 Non-Executive Directors and 1 (One) Women Executive Director.

During the financial year and up to the date of this report, following changes took place in the composition of the Board of the Company:

- a) Appointment of Mr. Sujit Natekar as Non-Executive Director of the Company by approval of Shareholders at 33rd Annual General Meeting of the Company.
- b) Appointment of Ms. Sandhya Vasudevan as Independent Director for period of 5 years with effect from December 6, 2022 by approval of shareholders at 33rd Annual General Meeting of the Company.
- c) Appointment of Mr. Stewart Langdon as Additional Non-Executive Director of the Company with effect from June 04, 2024 and further regularisation as Non-Executive Director at Extra-Ordinary General Meeting of the Company held on July 01, 2024.
- d) Appointment of Mr. Anurag Agrawal as Additional Non-Executive Director of the Company with effect from June 04, 2024 and further regularisation as Non-Executive Director at Extra-Ordinary General Meeting of the Company held on July 01, 2024.

During the year, no other change took place in the Board of the Company. The composition of the Board of the Company was compliant with the applicable regulatory norms.

In pursuance to the "Fit and Proper" policy adopted by the Company as per the Reserve Bank of India's (RBI) Master Directions, the Company obtained the 'Fit and Proper' declarations from all the Directors for their respective appointment/re-appointment. The selection and appointment of Directors of the Company is done in accordance

with the relevant provisions of the Companies Act, 2013 read with rules made thereunder and the master directions/guidelines issued by the RBI.

Further, none of the directors of the Company are disqualified as per the provisions of section 164(2) of the Act or debarred from holding office as director by virtue of any order of the SEBI or any other authority. The directors of the Company have made necessary disclosures, as required under various provisions of the Act.

The Composition of Board of the Company is also available on the Company's website and can be accessed at <https://www.electronicafinance.com/about-us/>

B. DIRECTORS LIABLE TO RETIRE BY ROTATION

Section 152 of the Act mandates that at least two-third of the total number of directors (excluding independent directors) shall be liable to retire by rotation and one-third of such directors shall retire from office at every Annual General Meeting. In this regard, Ms. Shilpa Pophale, Managing Director & CEO, being longest in the office, liable to retire by rotation, shall retire and being eligible, be recommended for re-appointment at the 34th Annual General Meeting.

The notice convening the 34th Annual General Meeting includes the proposal for re-appointment of aforesaid Director.

C. KEY MANAGERIAL PERSONNEL (KMP)

During the year under review and up to the date of this report, following changes took place in KMPs of the Company:

- Resignation of Ms. Khwahish Rawal, Company Secretary of the Company with effect from June 21, 2023.
- Appointment of Mr. Vallabh Ghate as Company Secretary and Compliance Officer of the Company with effect from November 20, 2023.
- Resignation of Mr. Vivekanand Ramachandran as Chief Financial Officer of the Company with effect from February 02, 2024.
- Appointment of Mr. Vipin Maheshwari as Chief Financial Officer of the Company with effect from August 12, 2024.

As on March 31, 2024, the Company had the following KMPs:

Sr. No.	Name of KMP	Designation
1	Ms. Shilpa Pophale	Managing Director & Chief Executive Officer
2	Mr. Vallabh Ghate	Company Secretary & Compliance Officer

There are no other changes in KMPs since the closure of the financial year till the date of this report.

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 V** and is attached to this report.

DECLARATION FROM INDEPENDENT DIRECTORS

The Independent Directors ("IDs") have submitted their disclosures to the Board that they fulfil all the requirements as stipulated under Section 149(7) of the Companies Act, 2013 read with rules made thereunder so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

Further, in the opinion of the Board, the IDs fulfil the conditions specified in the Act and the rules made there under for appointment as IDs including integrity, expertise and experience and confirm that they are independent of the management.

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.

DIRECTOR'S REPORT

The Nomination and Remuneration Committee has carried out evaluation of performance of every director, the Board as a whole and the committees of the Board of Directors at their meeting held on March 22, 2024.

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 Chairperson. 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.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's well-defined organizational structure, documented policies and internal financial controls ensure the efficiency of operations, protection of resources and compliance with the applicable laws and regulations. Moreover, the Company continuously upgrades its internal control systems and undertakes review of policies as and when required.

The internal financial control is supplemented by extensive internal audits, regular reviews by management and standard policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. The Audit Committee of the Board reviews internal audit reports and also monitors the implemented suggestions.

The internal audit function provides independent assurance to the Audit Committee and Board of Directors on the quality and effectiveness of the Company's internal control, risk management and governance systems and processes.

For the year under review, the Board is of the opinion that the Company has sound Internal Financial Control commensurate with the nature and size of its business operations and operating effectively and no material weakness exists. Further, the statutory auditors have, in compliance with the requirements of the Companies Act, 2013, issued an opinion with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, details of which may be referred to from the Auditor's Report attached to the audited financial statements of FY 2023-24.

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

Being an unlisted Company, the disclosure requirements as mentioned under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable to the Company.

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 31st March, 2024, are provided in a separate annexure forming part of this Report. In terms of the 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.

RISK MANAGEMENT

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

FRAUD MONITORING AND CONTROL

During the year under review, the Company has identified the fraud in the Company committed by an employee working at head office of the Company amounting to Rs. 3.22 Crores by misappropriation of funds. The details of the fraud were duly reported to the Auditors and Central Government as stipulated under Section 143(12) of the Companies Act, 2013.

The Company has implemented a robust framework to uphold integrity and transparency, exemplified by its whistle blower policy and oversight from a central vigilance team dedicated to preventing fraud. The Company has thoroughly investigated the fraud and undertaken Independent Process Audit to pinpoint the underlying causes of the fraud. Subsequently, corrective measures have been promptly initiated to forestall any recurrence. The Company and the Board reiterated that there is zero tolerance for any act of fraud and have already taken appropriate penal/ corrective actions regarding staff accountability and awareness.

Pursuant to the provisions of the Companies Act, 2013, no other fraud other than stated above was reported by auditors of the Company to the Audit Committee during FY 2023-24.

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.

DEPOSITS

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC under section 45-IA of the RBI Act, 1934. Your Directors hereby report that the Company has not accepted any public deposits during the period under review.

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

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

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

EFL 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.

At EFL, we are deeply committed to ensuring a safe and respectful work environment for all our employees. In alignment with our values and in compliance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, EFL has constituted an Internal Complaints Committee (ICC) to address and redress grievances related to sexual harassment at the workplace.

The ICC at EFL is composed of a diverse and qualified group of senior individuals who bring a range of perspectives and expertise to the table.

Our ongoing efforts to foster a workplace culture of dignity, equality, and respect are underscored by the proactive role of the Internal Complaints Committee, which serves as a cornerstone of our organizational ethics and values.

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

HUMAN RESOURCES

At EFL, our employees play a crucial role in shaping strategy and driving its successful planning and execution, helping us achieve our organizational objectives. By consistently investing in their growth and development, we not only unlock new opportunities but also transform our human resources into a powerful source of strength and a sustainable competitive advantage.

EFL takes great pride in providing work environment that inspires people to do their best and encourages an ecosystem of teamwork, continuous learning and work-life balance in view of an increasingly competitive environment for quality manpower.

EFL continues to focus on attracting and retaining the right talent. With increasing emphasis on digital transformation, our efforts 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, better HRMS software, more stringent compliances, online app-based training systems and effective communication through various means

DIRECTOR'S REPORT

including social media and a digital newsletter. We have added new rewards and recognition programs to encourage our star performers.

Simplicity, self-drive, and a passion for excellence are core values that our people embody and that define our brand. Talent management and development form the cornerstone of our HR policy, with a strong commitment to continuously building the skills and character of our team through focused programs. To support this, we have refined our talent processes across multiple dimensions, employing a systematic approach to engaging employees from the outset of their journey across all levels and verticals, ensuring the cultivation of a well-rounded talent pool.

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As on 31st March, 2024, EFL had 2,208 employees as compared to 1,661 as at March 31, 2023.

ANNUAL RETURN

In accordance with the provisions of Section 92(3) read with Section 134(3) (a) of the Act, the Annual Return of the Company is hosted on the website of the Company at <https://www.electronicafinance.com/investor-relations/>

OTHER STATUTORY DISCLOSURES

- a) No application was made under the Insolvency and Bankruptcy Code, 2016 during the year, therefore there is no requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.
- b) The requirement to disclose the details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof, is not applicable during the year.
- c) The Company being an NBFC, the provisions relating to Chapter V of the Act, i.e., acceptance of deposit, are not applicable. Disclosures as per NBFC regulations have been made in this Annual Report.
- d) The Company has not defaulted in repayment of loans from banks and financial institutions. There were no delays or defaults in payment of interest/principle of any of its debt securities.
- e) As on March 31, 2024, there is no amount remaining unclaimed in respect of non-convertible debentures.
- f) Your Company, being an NBFC registered with the RBI, the provisions of Section 185 of the Act are not applicable to the Company.

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.

ACKNOWLEDGEMENTS:

The Board of Directors extends its heartfelt gratitude for the unwavering support and cooperation received from our esteemed members, the Reserve Bank of India (RBI), other regulatory bodies, banks, financial institutions, and the trustees of debenture holders.

The Board of Directors would also like to acknowledge and celebrate the exceptional dedication and hard work demonstrated by our Management and employees throughout the year. Your remarkable contributions have been instrumental in achieving another outstanding year for the Company.

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

SHILPA POPHALE
MANAGING DIRECTOR & CEO
DIN: 00182457

SUJIT NATEKAR
DIRECTOR
DIN: 00182517

Date: August 13, 2024

Place: Pune

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EMPOWERING A SUSTAINABLE FUTURE BY EMBRACING GREEN LENDING

Rooftop Solar Finance & Energy Efficient
Machine Finance



75MW

Solar Power Capacity
installed till July-24



37,729

Tons of GHG
emissions reduced



45,000+

MSMEs
Empowered

Recognized by Global Climate Partnership Fund (GCPF)

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FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

[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, Erandawane '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, 2024, 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, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- (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, 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (during the period under review not applicable to the Company)
 - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (d) 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);
 - (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (during the period under review not applicable to the Company)
 - (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (g) 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);
 - (h) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (during the period under review not applicable to the Company); and
 - (i) 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 Act, 1934;

ANNEXURE - I

(vii) Master Direction- Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023;

Other Rules, regulations and guidelines issued by the Reserve Bank of India from time to time as are applicable to Non - Deposit taking Non-Banking Financial Companies (Hereinafter called as “Applicable Act, Rules, Regulations, Guidelines, Standards, and 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.

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 observations:

1. All E-Forms have been generally filed within the prescribed due date under the Companies Act, 2013, except a few delays;
2. CSR spent certificate (FY22-23) is not available and further not noted in any meeting;
3. The record date for interest payment to debenture holders, scheduled for February 16, 2024, was communicated on February 27, 2024;
4. There was a delay in the intimation of Interest payment made by the Company for October 2023. Further BSE Limited has levied a penalty of Rs. 94,400/-;
5. There was a delay in filing of Statement of Investor Grievance for quarter ended September 2023. Further BSE Limited has levied a penalty of Rs. 15,340/-;
6. There was a delay in appointment of compliance officer as per Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further BSE Limited has levied a penalty of Rs. 27,140/-;
7. There was a delay in submission of statement indicating the utilisation of issue proceeds/material deviation in the use of proceed for the quarter ended September 2023. Further BSE Limited has levied a penalty of Rs. 1,180/-;
8. There was a delay in intimation of Interest Payment made by the Company for November 2023. Further BSE Limited has levied a penalty of Rs. 4,720/-;
9. The Statutory Auditor has reported a fraud amounting to Rs. 2.75 Crores by Senior Chief Manager of the Company, in form ADT-4;

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. During the year under review, the Company has listed its Non-Convertible Debentures bearing ISIN Numbers INE612U07092, INE612U07118, INE612U08041 and INE612U08058.

For Mehta & Mehta,

Company Secretaries

(ICSI Unique Code P1996MH007500)

Ashwini Inamdar

Partner

PCS No: F 9409

CP No: 11226

Place: Mumbai

Date: 13-08-2024

UDIN: F009409F000956861

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.

To,

The Members,

Electronica Finance Limited,

101/1, Erandawane '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: F009409F000956861

CP No: 11226

Date: 13/08/2024

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (“CSR”) ACTIVITIES
1. A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

The CSR policy of the Company shall be read in alignment with Section 135 of the Companies Act 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014, and other relevant rules, regulations, circulars, and notifications (collectively referred to as Regulations) as applicable and amended from time to time.

It will, inter-alia, provide for the following:

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

For years, Electronica Finance Limited (“EFL”) has been fostering positive change within marginalized communities. Our CSR policy is driven by a vision to positively impact society and transform lives, going beyond mere financial contributions. This year, we have made significant investments in the National Apprenticeship Promotion Scheme (NAPS), equipping young talent in rural areas with essential skills and opening doors to promising career paths. The impact has been profound, and the enthusiasm from both our team and the apprentices is truly inspiring.

Our CSR efforts also encompass vocational education for underprivileged children, financial inclusion among marginalized communities, health awareness with focus on women, and environmentally sustainable practices. We collaborated with NGOs such as Rotary, NICHE, URJA, Saahas, and Nirmalya to achieve these goals.

EFL will undertake CSR activities approved by the CSR Committee, either directly through its CSR cell/team or through other entities/NGOs approved by the CSR Committee.

2. COMPOSITION OF CSR COMMITTEE, CSR POLICY, 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 2023-24 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	Non-Executive Director	1	1
Mrs. Smita Sandhane	Independent Director	1	1
Mr. Ameya Bijoor	Non-Executive Director	1	1

3. PROVIDE THE WEBLINK WHERE COMPOSITION OF CSR COMMITTEE, CSR POLICY, CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

<https://www.electronicafinance.com/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):

As the Company is not having average CSR obligation of ten crore rupees or more in pursuance of sub section (5) of section 135 of the Act, in the three immediately preceding financial years, an impact assessment is not applicable to the Company during the year under review.

5.	(A)	Average Net Profit of the Company as per Section 135(5)	₹ 3,683.41 Lakhs
	(B)	Two Percent of Average Net Profit of the Company as per Section 135(5)	₹ 73.67 Lakhs
	(C)	Surplus Arising out of the CSR Projects or Programmes or Activities of the Previous Financial Years	Nil
	(D)	Amount required to be Set Off for the Financial Year, if any	Nil
	(E)	Total CSR Obligation for the Financial Year [B + C – D]	₹ 73.67 Lakhs

6.	(A)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	₹ 77.61 Lakhs
	(B)	Amount spent in Administrative Overheads	Nil
	(C)	Amount spent on Impact Assessment, if applicable	Nil
	(D)	Total amount spent for the Financial Year [A + B + C]	₹ 77.61 Lakhs

(E) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in Rs.)	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
₹ 77.61 Lakhs	NA	NA	NA	NA	NA

(F) Excess amount for set-off, if any:

Sr. No.	Particular	Amount (in Rs.)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	₹ 73.67 Lakhs
(ii)	Total amount spent for the Financial Year	₹ 77.61 Lakhs
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	₹ 3.94 Lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. DETAILS OF DETAILS OF UNSPENT CORPORATE SOCIAL RESPONSIBILITY AMOUNT FOR THE PRECEDING THREE FINANCIAL YEARS:

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year(s)	Amount Transferred to Unspent CSR subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of Section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (In Rs.)	Date of Transfer		
1.	Nil	-	-	-	-	-	-	-

8. WHETHER ANY CAPITAL ASSETS HAVE BEEN CREATED OR ACQUIRED THROUGH CORPORATE SOCIAL RESPONSIBILITY AMOUNT SPENT IN THE FINANCIAL YEAR:**No**If Yes, enter the number of Capital assets created/ acquired: **Not Applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
NA							

9. SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SUBSECTION (5) OF SECTION 135:

Not Applicable

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF ELECTRONICA FINANCE LIMITED
SHILPA POPHALE
MANAGING DIRECTOR & CEO
DIN: 00182457
SUJIT NATEKAR
NON-EXECUTIVE DIRECTOR
DIN: 00182517
Date: August 13, 2024
Place: Pune

FORM AOC-2

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

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

1. Details of Contracts or arrangements or transactions not at arm's length basis - None
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 Hi Tech Machine Tools Pvt Ltd (Directorship of relative of MD)	ICD Accepted	1 Year	350.00	-	NA	-
	Interest on ICD	1 Year	19.97	-	NA	-
Electronica Hitech Engineering Private Limited (Directorship of relative of MD)	Interest charged on ICD	1 Year	4.80	-	NA	-
Ms. Shilpa Shrikant Pophale (Managing Director)	Loan Accepted	1 Year	90.00	-	NA	-
	Interest on Loan	1 Year	3.78	-	NA	-
Mr. Sujit Natekar (Non-Executive Director)	Loan Accepted	1 Year	16.50	-	NA	-
	Interest on Loan	1 Year	0.73	-		
Mrs. Manisha Pophale (Relative of Managing Director)	Loan Accepted	1 Year	78.29	-	NA	-
	Interest on Loan	1 Year	3.82	-	NA	-
Mr. Harsh Natekar (Relative of Managing Director)	Interest on Loan	1 Year	18.09	-	NA	-
Sujit Sharad Natekar (HUF)	Month rent for guest house	1 Year	3.99	-	NA	-

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

SHILPA POPHALE
MANAGING DIRECTOR & CEO
DIN: 00182457

SUJIT NATEKAR
NON-EXECUTIVE DIRECTOR
DIN: 00182517

Date: August 13, 2024
Place: Pune

CORPORATE GOVERNANCE REPORT

1) Corporate Governance Philosophy:

Electronica Finance Limited (hereinafter referred to as EFL) recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of corporate governance through transparency in all its transactions and dealings with customers, employees, investors, lenders, regulators, vendors and other stakeholders. Your Company is committed to good corporate governance and all its activities are carried out in accordance with good corporate practices. EFL has demonstrated highest levels of corporate governance for the past 30 years. Much before the law mandated appointment of independent directors, EFL had on its Board eminent persons as independent directors.

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 a high level of ethics in all its dealings in order to achieve its goal of building the trust of investors in the Company.

The Board of Directors is kept well-informed about all the activities of the company and all significant material information are placed before the Board of Directors. 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.

This report provides an overview of the various corporate governance disclosures required under applicable regulations.

2) Board of Directors:

The Board of Directors ('Board') and its Committees play a significant role in upholding and furthering the principles of good governance which translates into ethical business practices, transparency and accountability in creating long term stakeholder value.

Keeping with the commitment to the principle of integrity and transparency in business operations for good corporate governance, the Company's policy is to have an appropriate blend of independent and non-independent directors to maintain the independence of the Board.

Composition

The composition of the Board is in conformity with the Companies Act, 2013 ("Act") and rules made thereunder and RBI Master directions. Your Company have a balanced Board, having optimum combination of Executive and Non-Executive Directors including Women Director in compliance with the requirements of the Act.

As on March 31, 2024, EFL's Board comprised of 6 (Six) Directors, consisting of 3 (Three) Independent Directors including 2 (Two) Women Independent Directors, 2 Non-Executive Directors and 1 (One) Women Executive Director.

All the Independent Directors have confirmed that they meet the criteria as mentioned under Section 149 of the Companies Act, 2013. The Independent Directors have also confirmed that they are not on the Board of more than three NBFCs (NBFC-Middle Layer or NBFC-Upper Layer) at the same time in line with RBI Scale Based Regulations.

Meetings of Board of Directors

During the Financial Year 2023-24, the Board of EFL met 4 times, viz. June 26, 2023, September 13, 2023, November 08, 2023 and February 13, 2024. The maximum time gap between any two consecutive meetings was as per applicable regulations.

The Company in consultation with the Directors of the Company prepares a tentative calendar for the upcoming meetings of the Board/Committees 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 confirmed and approved by the members of the Board / Committee(s).


ANNEXURE - IV
Separate meeting of independent directors

During the year under review, in line with the requirement under section 149(8) and Schedule IV of the Act, the Independent Directors had a separate meeting on March 22, 2024, without the presence of the non-independent directors and management team.

The Independent Directors of the Company provide an annual certificate of independence in accordance with section 149(7) of the Act, to the company which is taken on record by the Board.

The composition and category of Directors as on March 31, 2024, is as follows:

Sr. No.	Name of the Director	Date of Appointment	Designation	DIN	Number of Board Meetings		No. other Director-ships	Remuneration			No. of shares and Convertible Instruments held in NBFC
					Held	Attended		Salary and other compensation (In Rs. Lakhs)	Sitting fees (In Rs. Lakhs)	Commission (In Rs. Lakhs)	
1.	Ms. Shilpa Pophale	01/06/2006	Managing Director & CEO	00182457	4	4	3	144.70	-	-	66,500
2.	Mr. Sujit Natekar	20/11/2022	Non-Executive Director	00182517	4	4	4	-	-	-	34,333
3.	Mr. Ameya Bijoor	11/11/2020	Non-Executive Director (on behalf of ESF Holdings)	08905242	4	4	1	-	-	-	Nil
4.	Mr. Mohan Tanksale	24/08/2020	Independent Director	02971181	4	4	14	-	4.00	-	Nil
5.	Ms. Smita Sandhane	28/04/2022	Independent Director	07637529	4	4	0	-	4.75	-	Nil
6.	Ms. Sandhya Vasudevan	06/12/2022	Independent Director	00372405	4	4	4	-	3.75	-	Nil

Details of change in composition of the Board during the financial year 2022-23 and 2023-24:

Sr. No.	Name of Director	Capacity	Nature of change	Effective date
1.	Mrs. Smita Sandhane	Independent Director	Appointment	28/04/2022
2.	Mrs. Smita Sandhane	Independent Director	Regularisation	30/09/2022
3.	Mr. Sujit Natekar	Non-Executive Director	Re-Appointment	20/11/2022
4.	Ms. Sandhya Vasudevan	Independent Director	Appointment	06/12/2022
5.	Mr. Sujit Natekar	Non-Executive Director	Regularisation	25/09/2023
6.	Mr. Sandhya Vasudevan	Independent Director	Regularisation	25/09/2023

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.

Details of any relationship amongst the Directors inter-se –

Sr. No.	Name of the Director	Relationship
1.	Ms. Shilpa Pophale	Wife of Mr. Sujit Natekar
2.	Mr. Sujit Natekar	Husband of Ms. Shilpa Pophale

3) Committees of the Board:

The Board has constituted Committees with specific terms of reference to focus effectively on issues and ensure timely review and approvals for various matters and as required under the applicable regulations.

The Board has established the following statutory and non-statutory Committees in line with the Companies Act, 2013 and Rules made thereunder, Master Directions of Reserve Bank of India and other regulatory requirements as applicable:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- Asset Liability Management Committee
- Risk Management Committee
- IT Strategy Committee
- Finance Committee
- Securities Operations Committee

Further, the Committees constituted by the Board of the Company are guided by its charter, which defines the scope, roles and responsibilities, powers and composition of the Committee.

The composition and functioning of these Committees are in compliance with the applicable provisions of the Companies Act, 2013 and Corporate Governance Master Directions issued by the Reserve Bank of India.

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.

A. Audit Committee

The Board has constituted an Audit Committee with terms of reference as defined under the applicable regulations. Meeting the composition requirement prescribed thereunder with minimum of two third of its member (including chairman) being independent director. Majority of the members are non-executive directors, are financially literate and have accounting and related financial management expertise. The independent directors were heading large PSU banks, co-operative banks, foreign banks in their previous roles.

During the financial year 2023-24, the Audit Committee met 4 (Four) times viz. June 26, 2023, November 08, 2023, February 13, 2024 and February 28, 2024. All the meetings were conducted with the requisite quorum.

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements.

In addition to the members of the Audit Committee, these meetings were attended by Chief Financial Officer, Internal Auditor, representatives of Statutory Auditor and senior executives of the Company for providing inputs to the Committee.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Mr. Mohan Tanksale	24/08/2020	Independent Director as Chairperson	4	4	Nil
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	4	4	Nil
Ms. Shilpa Pophale	28/04/2022	Managing Director & CEO as Member	4	4	66,500
Ms. Smita Sandhane	28/04/2022	Independent Director as Member	4	4	Nil
Ms. Sandhya Vasudevan	07/03/2023	Independent Director as Member	4	4	Nil

ANNEXURE - IV

There were no changes in the constitution of the Committee during the financial year ended March 31, 2024.

During the year under review, the Committee met and discussed on various matters including financials, internal audit reports and audit report. During the period under review, the Board of Directors of the Company accepted all the recommendations of the Audit Committee. The Company Secretary acts as the Secretary of the Committee.

The terms of reference of Audit Committee inter-alia includes the following: -

- 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.
- Scrutinize 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.

B. Nomination & Remuneration Committee

The Board has constituted a Nomination & Remuneration Committee which is in compliance with the provisions of Section 178 of the Act and Master Direction – Reserve Bank of India (Non-Banking Financial Company Scale Based Regulation) Directions, 2023.

During the year under review, the Nomination and Remuneration Committee met 3 (three) times viz. June 26, 2023, September 13, 2023 and March 22, 2024. All the meetings were conducted with the requisite quorum.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Ms. Smita Sandhane	28/04/2022	Independent Director as Chairperson	3	3	Nil
Mr. Mohan Tanksale	24/08/2020	Independent Director as Member	3	3	Nil
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	3	3	Nil
Mr. Sujit Natekar	28/04/2022	Non-Executive Director as Member	1	1	34,333

Mr. Sujit Natekar ceased to be a member of the Nomination and Remuneration Committee with effect from June 26, 2023.

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements. During financial year 2023-24, the Board had accepted all recommendations of the Committee.

The terms of reference of Nomination & Remuneration Committee inter-alia includes 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.

C. Corporate Social Responsibility Committee

The Company has constituted Corporate Social Responsibility Committee (CSR Committee) in line with the provisions of Section 135 of the Act which has substantial roles and responsibilities in respect of projects to be recommended to the Board and for the monitoring of the CSR projects and reporting.

During the Financial Year 2023-24, the Corporate Social Responsibility Committee met once on November 08, 2023. The meeting was conducted with the requisite quorum.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Ms. Smita Sandhane	28/04/2022	Independent Director as Chairperson	1	1	Nil
Ms. Shilpa Pophale	Since Inception	Managing Director & CEO as Member	1	1	66,500
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	1	1	Nil
Mr. Sujit Natekar	26/06/2023	Non-Executive Director as Member	1	1	34,333

There were no changes in the constitution of the Committee during the financial year ended March 31, 2024.

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements. During financial year 2023-24, the Board had accepted all recommendations of the Committee.

The terms of reference of Corporate Social Responsibility Committee inter-alia includes the following:

- 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.

D. Asset Liability Management Committee

The Company has constituted an Asset Liability Management Committee (ALCO) in line with provisions of Master Direction – Reserve Bank of India (Non- Banking Financial Company Scale Based Regulation) Directions, 2023. The ALCO reviews the assets and liabilities position of the Company and gives directions to the finance team in managing the same. The classification of assets and liabilities by the Company into various maturity buckets reflects adjustments for prepayments and renewals in accordance with the guidelines issued by Reserve Bank of India.

During the Financial Year 2023-24, Asset Liability Management Committee met once on October 27, 2023. The meeting was conducted with the requisite quorum.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Ms. Shilpa Pophale	Since Inception	Managing Director & CEO as Chairperson	1	1	66,500
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	1	1	Nil
Chief Financial Officer	26/06/2023	Chief Financial Officer as Member	1	1	Nil
Chief Risk Officer	26/06/2023	Chief Risk Officer as Member	1	1	Nil

Mr. Mohan Tanksale ceased to be the members of Asset Liability Management Committee with effect from June 26, 2023.

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements. During financial year 2023-24, the Board had accepted all recommendations of the Committee


ANNEXURE - IV

The terms of reference of Asset Liability Management Committee inter-alia 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

E. Risk Management Committee

The Company has constituted Risk Management Committee (RMC) in line with the provisions of the Master Direction – Reserve Bank of India (Non-Banking Financial Company Scale Based Regulation) Directions, 2023 read with other circulars and guidelines issued by Reserve Bank of India ('Guidelines') from time to time.

The Committee reviews the Risk Management Policy, document and improve risk management practices, ensure appropriate / adequate reporting to the Board, manage the integrated risk, and any other matter as the Committee may deem fit. The Committee is involved in the process of identification, measurement, monitoring and mitigation of the various risks faced by the Company.

During the Financial Year 2023-24, the Risk Management Committee met once on September 13, 2023. The meeting was conducted with the requisite quorum.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Mrs. Smita Sandhane	28/04/2022	Independent Director as Chairperson	1	1	Nil
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	1	1	Nil
Ms. Sandhya Vasudevan	26/06/2023	Independent Director as Member	1	1	Nil
Ms. Shilpa Pophale	Since Inception	Managing Director & CEO as Member	1	1	66,500
Mr. Mohan Tanksale	11/11/2020	Independent Director as Member	1	1	Nil
Chief Financial Officer	26/06/2023	Member	1	1	Nil
Chief Risk Officer	26/06/2023	Member	1	1	Nil

Mr. Sujit Natekar ceased to be the member of Risk Management Committee with effect from June 26, 2023. As on March 31, 2024, the position of the Chief Financial Officer as member of the Committee is vacant due to resignation of Mr. Vivekanand Ramachandran.

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements. During financial year 2023-24, the Board had accepted all recommendations of the Committee.

The terms of reference of Risk Management Committee inter-alia includes the following:

- Managing the various risks such as market risk, interest rate risk, credit risk, operational risk, etc.
- Such other functions as the Board may from time to time delegate to it.

F. IT Strategy Committee

The Board constituted the IT Strategy Committee in compliance with the provisions of the Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices dated November 07, 2023 issued by the Reserve Bank of India.

The terms of reference of the IT Strategy Committee are guided by the prescriptions of the above Master Directions which inter-alia includes strategic alignment, risk management, resource management, performance management and Business Continuity/ Disaster Recovery Management and monitor information technology ("IT") strategy and policy documents, monitor processes and practices to ensure IT delivers value to business, ensure that IT investments represent a balance of risks and benefits, determine the IT resources required to achieve strategic goals, providing high-level direction for sourcing and use of IT resources and managing IT related risks.

During the Financial Year 2022-23, 2 (two) IT Strategy Committee meetings were held on September 13, 2023 and March 12, 2024. All the meetings were conducted with the requisite quorum.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Ms. Sandhya Vasudevan	26/06/2023	Independent Director as Chairperson	2	2	Nil
Ms. Shilpa Pophale	05/02/2019	Managing Director & CEO as Member	2	2	66,500
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	2	2	Nil
Ms. Smita Sandhane	28/04/2022	Independent Director as Member	2	2	Nil
Mr. Ankur Kapoor	26/06/2023	COO as Member	1	1	Nil

During the year under review, Mr. Srinivas Rapelli, Head - IT ceased to be the member of the Committee since June 26, 2023 and Mr. Ankur Kapoor, then Chief Operating Officer of the Company was appointed as the member of the Committee on June 26, 2023 and ceased to be a member w.e.f the date of his resignation from the Company i.e. January 5, 2024.

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements. During financial year 2023-24, the Board had accepted all recommendations of the Committee.

The terms of reference of IT Strategy Committee inter-alia 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;
- Evaluation of risks related to cyber security/information security and review of Business Continuity Plan (BCP)/ Disaster Recovery (DR) Plan.
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.

G. Finance Committee

In accordance with the Section 179(3) of the Companies Act, 2013, the Board has constituted the Finance Committee (earlier known as Bank Borrowings Committee) for the approving the borrowing program of the Company including specific borrowings and other banking operations in the normal course of business operations.

During the year under review, the Finance Committee met 25 (Twenty-Five) times on May 04, 2023, June 20, 2023, June 22, 2023, June 26, 2023, July 18, 2023, August 11, 2023, August 29, 2023, September 05, 2023, September 16, 2023, September 25, 2023, September 28, 2023, September 29, 2023, October 23, 2023, November 07, 2023, December 05, 2023, December 26, 2023, December 28, 2023, February 05, 2024, February 16, 2024, February 23, 2024, March 07, 2024, March 12, 2024, March 19, 2024, March 21, 2024 and March 28, 2024.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Ms. Shilpa Pophale	Since Inception	Managing Director & CEO as Chairperson	25	25	66,500
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	25	25	Nil
Ms. Smita Sandhane	28/04/2022	Independent Director as Member	25	25	Nil
Mr. Sujit Natekar	26/06/2023	Non-Executive Director as Member	25	25	34,333

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements.

The terms of reference of Finance Committee inter-alia includes the following:

- To borrow moneys for the purpose of the Company's business from Banks/financial institutions/other lenders through various instruments / products as may be decided by the Committee not exceeding the overall limit approved by the Board of Directors and Shareholders of the Company from time to time;
- To issue, offer and allot Commercial Papers;
- To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company, for the time being or in such other manner as may be deemed fit;
- To enter into all negotiations, issue necessary power of attorney(s), sign necessary documents and contracts, rescind and vary all such documents and contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as may be considered expedient for the purpose of the business of the Company;
- To make, sign, draw, accept, endorse and negotiate cheques, bills of exchange, drafts, promissory notes and other mercantile documents or negotiable instruments, securities, Government promissory notes;
- To all such activities, deeds, transactions, intimations required to open, close and operate existing and new current accounts, overdraft, cash credit, fixed deposit or otherwise of the Company with any Bank including but not limited to following:
 - i. avail the financial, monetary and any other products and services offered by the Bank through its Website/ Internet Banking and/or the Corporate Customer Care Services (phone banking channels and E mail)
 - ii. avail Commercial Card /Credit Card facility issued by various Banks, including operation and enhancement of limits on existing Credit Cards issued by any Bank
 - iii. avail various services Corporate Internet Banking (CIB) and Cash Management Services (CMS) by appointment of Authorized signatory(ies) and delegating Maker/Viewer access rights to other personnel of the Company,
 - iv. delegate the rights (including viewing rights) for the bank accounts through various modes including Phone Banking, Internet Banking, Email to such personnel as it may deem appropriate
 - v. appointment/ deletion of Authorised Signatory(ies) in the Bank accounts including changes in the mode of operation and altering the transaction limits;
 - vi. furnish, sign, execute and deliver such applications, documents, indemnities and/or declarations and/or affidavits on behalf of the Company in favour of the Bank as may be required by the Bank in any matter related hereto and generally to do all such acts and deeds as may be necessary.
- To enter in Direct Assignment and Securitization transactions involving sale of loan receivables of the Company in the ordinary course of Business as part of fund raising strategy (as permitted under RBI regulations)
- To enter in Co- lending arrangement transactions involving partnership with any other Bank/NBFC for lending to various categories of borrowers (as permitted under RBI regulations)
- To execute from time to time counter guarantees in favour of the Company's bankers as security for the guarantees issued by banks on behalf of the Company in connection with the Company's business;
- To invest the idle funds of the company in mutual funds, liquid instruments etc.
- To grant loans or give guarantee or provide security in respect of loans;
- Any other matters incidental and ancillary to the above stated matters
- Any other matters relating to Fund raising by Equity or Debt
- To delegate any of the powers stated above to any official(s) as may be deemed appropriate.

H. Securities Operations Committee

The Board has constituted Securities Operations Committee to facilitate approvals for borrowings from debt securities market and related aspects.

During the year under review, there were 6 (six) meetings of the Securities Operations Committee held on June 26, 2023, August 26, 2023, September 20, 2023, December 28, 2023, February 23, 2024 and March 26, 2024.

The particulars of Members of the Committee, and the number of meetings attended by them during the year are as follows:

Name of the Member	Member of Committee Since	Capacity	Number of meetings of the Committee		No. of Shares held in the Company
			Held	Attended	
Ms. Shilpa Pophale	Since Inception	Managing Director & CEO as Chairperson	6	6	66,500
Mr. Ameya Bijoor	11/11/2020	Non-Executive Director as Member	6	6	Nil
Mr. Sujit Natekar	26/06/2023	Non-Executive Director as Member	6	6	34,333

All meetings of Committee were duly held and convened by giving proper notices, agenda/notes to agenda and within the timelines stipulated under the Act and other regulatory requirements.

The terms of reference of the Securities Operations Committee inter alia include the following:

- borrow monies by way of availing financial facilities / issuance of debentures from / to bank(s), institution(s), mutual fund(s), body(ies) corporate, funds, foreign funds, alternative investment funds or any other sources;
- to finalise the terms and conditions in respect of the borrowings / issuance of securities / debentures by the Company and approve the borrowings / issuance of securities / debentures by the Company;
- allot the securities / debentures of the Company as per applicable laws;
- to decide on the nature of security / encumbrance in respect of such borrowings including creating charge by way of hypothecation over the book debts / receivables of the Company at such terms and conditions as may be deemed fit from time to time;
- to appoint security trustee(s) / debenture trustee(s) and/or create charge/mortgage/ encumbrance in favour of security trustee(s) / debenture trustee(s) / lender(s) / debenture holders;
- to authorize officials of the Company for execution of any agreement, deeds and documents on behalf of the Company, including any loan / debenture / debt related documents;
- to appoint / authorize Company officials for execution of documents, agreements, deeds and papers as may be required from time to time in relation to the borrowing operations of the Company;
- to delegate authorities from time to time to the executives / authorized representatives to implement the decisions of the Securities Operations Committee from time to time;

4) Meeting of Independent Directors

Pursuant to Section 149(8) read with Schedule IV of Companies Act, 2013, a meeting of the Independent Directors of the Company is required to be conducted once a year in absence of Non-Independent Directors.

During the year under review, a meeting of Independent Directors was held on March 22, 2024 which was chaired by Mr. Mohan Tanksale and attended by all the Independent Directors of the Company. No sitting fees was paid to independent directors for the said meeting.

5) Shareholders General Body meetings

S. No.	Type of meeting	Date and Place	Special resolutions passed
1.	33rd Annual General meeting	September 25, 2023 Audumbar', 101/1, Erandawane, Dr. Ketkar Road, Pune - 411004	<ul style="list-style-type: none"> • Issuance of Non-convertible debentures • To borrow money together with moneys already borrowed for an aggregate amount of Rs. 3000 cr • Creation of mortgage / charge / pledge / hypothecation / security on company's assets upto Rs. 3500 cr • Appointment of Ms. Sandhya Vasudevan as Independent Director • Appointment of Mr. Sujit Natekar as Non-Executive Director • Increase in authorized share capital of the company and amendment to capital clause in Memorandum of Association • Alteration of Articles of Association.

6) Regulatory and Statutory compliances

The Company has complied with all the guidelines, circular, notification and directions issued by RBI from time to time. The Company also places before the Board of Directors at regular intervals all such circulars and notifications to keep the Board informed and report on actions initiated on the same.

The Company has also been following provisions of the Companies Act, 2013 including the applicable Secretarial Standards issued by ICSI, applicable accounting standards, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Income Tax Act 1961, and other applicable statutory requirements.

7) Other 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) Code of Conduct

The Board has laid down Codes of Conduct for Board Members, Key managerial personnel's, Senior Management and Employees of the Company ('Codes'). The Code stands widely communicated across the Company at all times. These Codes are also accessible at the Company's website at the <https://www.electronicafinance.com/investor-relations/>

The Board has also laid down a Code of Conduct for Independent Directors pursuant to Section 149(8) read with Schedule IV of the Act, which is a guide to professional conduct for Independent Directors of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with these Codes.

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code on Prohibition of Insider Trading to regulate, monitor and report trading by Designated Person(s) in listed securities of the Company. The Code is hosted on the website of the Company at <https://www.electronicafinance.com/investor-relations/>

c) 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 noticed 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.

d) 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.

e) Details of non-compliance with requirements of Companies Act, 2013

The Company has established proper control systems to ensure compliance with the provisions of all the applicable provisions of Companies Act, 2013 ("Act") along with applicable Accounting standards issued by the Institute of Chartered Accountant of India (ICAI) and Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) as notified/amended from time to time in respect of meetings of the board of directors and general meetings held during the year. The Company was totally in compliance with the applicable standards and other requirements of the Act.

f) Utilization of Funds

The debt fund raised during the year, through private placement has been utilized to meet the capital & business requirements while supporting the growth plans and for other general corporate purposes as mentioned in the offer documents.

8) Management Discussion and Analysis

The Management Discussion and Analysis Report is part of the Directors Report.

9) 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.

10) Means of Communication

The Company has provided adequate and timely information to its stakeholders or public at large, inter alia, through the following means:

a) Publication of quarterly/half yearly/annual financial results:

The quarterly/half yearly and annual financial results of the Company are published in the English national daily newspaper circulating in the whole or substantially the whole of India viz. Financial Express.

b) Website Disclosure

The Company's website contains a separate section namely "Investor Relations" <https://www.electronicafinance.com/investor-relations/> at where Shareholders' related information is available and Members can access information as required to be disseminated on the website of the Company pursuant to Regulation 62 of the SEBI Listing Regulations.

c) BSE Listing Centre (Listing Centre):

All periodical and other event-based compliance filings of the Company are filed electronically on web based application.

d) SEBI Complaints Redress System (SCORES 2.0):

Your Company is registered on SEBI SCORES (SEBI Complaints Redress System) an online platform designed to help investors to lodge their complaints, pertaining to securities market, online with SEBI against listed companies. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. Further, it is informed that your Company has not received any investor complaint in FY 2023-24.

11) Penalties and Strictures:

During the year under review, you company has issued Non-Convertible Debentures which as listed on Wholesale Debt Market of BSE Limited. Following are the penalties imposed by BSE during the year:

S. No.	Quarter/Month	Particulars of delay in compliances	Amount of fine paid (in ₹)
1)	For Month ended October 2023.	Regulation 57(1) - Delay in intimation of Interest payment made by the Company.	94,400
2)	For Quarter ended September 2023.	Regulation 13(3) - Delay in filing Statement of Investor Grievances.	15,340
3)	For Quarter ended September 2023.	Regulation 6(1) - Non-compliance with requirement to appoint qualified company secretary as the compliance officer.	27,140
4)	For Quarter ended September 2023.	Regulation 52(7)/(7A) - Delay in submission of statement indicating the utilization of issue proceeds/Material deviation in the use of proceeds.	1,180
5)	For Month ended November, 2023.	Regulation 57(1) - Delay in intimation of Interest payment made by the Company.	4,720
		Total	1,42,780

The Company has meticulously implemented robust procedures and comprehensive checklists to proactively prevent any future instances of non-compliance and associated penalties.

12) Breach of covenant

As on September 30, 2023, the CRAR dropped below 18%, although higher than the regulatory requirement of 15% however lower than the agreed covenant of 18% with the lenders. The reason for such temporary dip in CRAR was the business growth not being supported by equity infusion. The Company proactively reached out to

 **ANNEXURE - IV**

all the lenders and explained the reason for such temporary dip, the advanced stage of Series B round of equity infusion and explained the steps undertaken to restore the CRAR back to 18%+. Basis the justification, none of the lenders imposed any penalty and provided the Company an extension till December 31, 2023 by which the CRAR was restored to 18.39%.

The Company undertook following measures to resolve the breach of covenant which were as follows:

- Off balance sheet in form of DA/co-lending to support business growth;
- Raising of Tier II capital of Rs. 50-70 Cr to increase and the maintain the CRAR at 18% till the equity is infused.

13) Divergence in Asset Classification and Provisioning

The Reserve Bank of India has not observed any divergence in asset classification and provisioning for the Company.

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

**SHILPA POPHALE
MANAGING DIRECTOR & CEO
DIN: 00182457**

**SUJIT NATEKAR
NON-EXECUTIVE DIRECTOR
DIN: 00182517**

**Date: August 13, 2024
Place: Pune**

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

Background

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

Present Position of Directors and KMP of the Company:

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

Terms of reference of the nomination and remuneration committee

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

Criteria for determining the following: -

Qualifications for appointment of Directors (including Independent Directors):

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

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

- Directors are to demonstrate integrity, credibility, trustworthiness, ability to handle conflict constructively, and the willingness to address issues proactively.
- Actively update their knowledge and skills with the latest developments in the railway/heavy engineering/infrastructure industry, market conditions and applicable legal provisions.
- Willingness to devote sufficient time and attention to the Company's business and discharge their responsibilities.
- To assist in bringing independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.
- Ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- To act within their authority, assist in protecting the legitimate interests of the Company, its shareholders and employees.
- Independent Directors to meet the requirements of the Companies Act, 2013 read with the Rules made.

Appointment of KMP / Senior Management:

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

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

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

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

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

Review

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

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

SHILPA POPHALE
MANAGING DIRECTOR & CEO
DIN: 00182457

SUJIT NATEKAR
NON-EXECUTIVE DIRECTOR
DIN: 00182517

Date: August 13, 2024
Place: Pune



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NEW
LOCATIONS
OPENED DURING
THE YEAR

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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, 2024, 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 material accounting policies and other explanatory information (hereinafter referred to as 'Ind AS financial statements').

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, 2024, its 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. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Allowances for Expected Credit Losses ("ECL"):

Key audit matter

As at 31st March 2024, the carrying value of loan assets measured at amortised cost, aggregated ₹ 2,39,778 lakhs (net of allowance of expected credit loss ₹ 3,703 lakhs) constituting approximately 88% of the Company's total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. ECL on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement.

As part of our risk assessment, we determined that the ECL on such loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the Ind AS Financial Statements.

The elements of estimating ECL which involved increased level of audit focus are the following:

- Qualitative and quantitative factors used in staging the loan assets measured at amortised cost;
- Basis used for estimating Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") at product level with past trends;

Auditor's Response

We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL ("ECL Model") that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Our audit procedures related to the allowance for ECL included the following, among others: Testing the design and operating effectiveness of the following:

- completeness and accuracy of the EAD and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied;
- completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and

INDEPENDENT AUDITOR'S REPORT

Allowances for Expected Credit Losses ("ECL"):	
<ul style="list-style-type: none"> • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions; and • Adjustments to model driven ECL results to address emerging trends. 	<ul style="list-style-type: none"> • accuracy of the computation of the ECL estimate including reasonableness of the methodology used to determine macro-economic adjustment basis forward looking information.. <p>Test of details on a sample in respect of the following:</p> <ul style="list-style-type: none"> • accuracy and completeness of the input data such as period of default and other related information used in estimating the PD; • the mathematical accuracy of the ECL computation by using the same input data as used by the Company; • completeness and accuracy of the staging of the loans and the underlying data based on which the ECL estimates have been computed; • assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in Ind AS financial statements are appropriate and sufficient.

4. Emphasis of Matter

4.1 We draw attention to Note 53(h) to the Statement, which describes the impact of a fraud on the Company by one of the employees of the Company.

Our opinion is not modified in respect of this matter

4.2 We draw attention to Note 56 to the statement, which describes that certain balance carried by the Company arising from migration of accounting systems are on the basis of Management certification.

Our opinion is not modified in respect of this matter

5. 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 do 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.

6. 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 Companies Act, 2013 ("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 accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable

and prudent; and 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 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.

7. 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 Ind AS 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.

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

 **INDEPENDENT AUDITOR'S REPORT****8. 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 (1 1) of section 1 43 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 1 43 (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, except for the matters stated in the paragraph 8 (ii) (h) (vi) below on reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time
 - 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 1 33 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, 2024, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of section 1 64 (2) of the Act.
 - f) The modification relating to the maintenance of books of accounts and other matters connected therewith, is as stated in (b) above.
 - g) 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.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 1 97(1 6) 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 1 97 of the Act.
 - i) 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;
 - ii. The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. (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.
- v. The dividend declared and paid by the Company for financial year 2023-24 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 2023-2024.
- vi. The reporting under Rule 11(g) of the Companies (audit and Auditors) Rules, 2014 is applicable from April 01, 2023.

Based on our examination, which included test checks, except for the instances mentioned below, the Company have used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have operated throughout the year for all relevant transactions recorded in the respective softwares.

The feature of recording audit trail (edit log) facility of the accounting software used for maintaining general ledger was not enabled for the period April 01, 2023 to February 29, 2024.

The software is used for maintaining general ledger, audit trail (edit log) feature, even though available and maintained, the same are capable of being disabled.

The feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software related to property plant and equipment.

Further, for the period where audit trail (edit log) facility was enabled and operated throughout the year for the respective accounting software, we did not come across any instance of the audit trail features being tempered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Mukund M. Chitale & Co.

Chartered Accountants

Firm Regn. No. 106655W

(S.M.Chitale)

Partner

M. No. 111383

UDIN: 24111383BKBGRB9483

Date: May 29, 2024

Place: Pune

INDEPENDENT AUDITOR'S REPORT

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 ₹ 5 crore, in aggregate, during the year, from banks on the basis of security of loans (assets). We have observed reconciliation items in the quarterly returns or statements filed by the Company with such banks or financial institutions as compared to the books of account maintained by the Company. However, we have not carried out a specific audit of such statements. The details of such differences / reconciliation items are given in note no. 53 j of the Ind AS financial statements of the Company.
- (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 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 Ind AS 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 2024, aggregating Rs.3,519.71 lakhs were categorised as credit impaired ("Stage 3") and Rs.1772.47 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 7 to the Ind AS financial statements. 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
1933	Rs. 2,713.71 lakhs	Rs.806 lakhs	Rs.3,519.71 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	38.97	April 2022 to March 2023	CPC, Bangalore

- (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 Ind AS 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.

INDEPENDENT AUDITOR'S REPORT

- (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, the Company had detected fraud in the nature of embezzlement of funds amounting to Rs.322.20 Lakh by an employee, who was working as Senior Chief Manager at the Head Office of the Company as stated in Note 53(h) of the financial statements.
- b) 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, on March 29th 2024 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 the internal audit system of the company needs to be enhanced considering 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)(c) 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 no resignation of the statutory auditors of the Company during the year.
- (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 Ind AS 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.

 **INDEPENDENT AUDITOR'S REPORT**

(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: 24111383BKBGRB9483

Date: May 29, 2024

Place: Pune

INDEPENDENT AUDITOR'S REPORT

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)(g)] 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, 2024 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 with reference to Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Ind AS financial statements to future periods are subject to the risk that the internal financial control with

reference to Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

6. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2024, 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 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: 24111383BKBGRB9483

Date: May 29, 2024

Place: Pune


BALANCE SHEET AS AT MARCH 31, 2024

(₹ in Lakhs)

Particulars	Note No	As At	
		March 31, 2024	March 31, 2023
ASSETS			
Financial Assets			
Cash and cash equivalents	4	7,391.76	5,791.15
Bank balances other than included in (a) above	5	6,890.79	8,367.12
Receivables			
Trade receivables	6	-	-
Other receivables	6	351.95	77.87
Loans	7	2,39,777.67	1,96,013.27
Investments	8	6.70	5.48
Other financial assets	9	3,743.14	389.21
Non financial assets			
Current tax assets (net)	10	1,105.51	513.75
Deferred tax assets (net)	11	-	842.47
Investment property	12	400.34	463.19
Property, plant and equipment	13	12,556.30	8,980.62
Capital work in progress	13	99.05	99.05
Other Intangible assets	13	272.77	250.73
Other non financial assets	14	1,027.28	933.39
Total assets		2,73,623.26	2,22,727.30
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	867.71	518.50
Debt securities	16	30,881.59	12,995.65
Borrowings (Other than debt securities)	17	1,55,560.26	1,40,107.53
Subordinated liabilities	18	9,484.81	2,875.19
Other financial liabilities	19	31,900.31	27,214.79
Non financial liabilities			
Current tax liabilities (net)	20	1,066.56	1,754.35
Deferred tax liabilities (net)	11	357.46	-
Provisions	21	439.16	393.55
Other non financial liabilities	22	227.04	493.31
Equity			
Share capital	23	3,518.83	3,518.83
Other equity	24	39,319.53	32,855.60
Total liabilities and equity		2,73,623.26	2,22,727.30
Summary of material accounting policies			

The accompanying notes are an integral part of the financial statements

1 - 57

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: Pune
Date: May 29, 2024

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

Ms. Shilpa Pophale
Managing Director & CEO
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Mr. Vallabh Ghate
Company Secretary
M No. A41587
Place: Pune
Date: May 29, 2024

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	Note No	For the year ended	
		March 31, 2024	March 31, 2023
Revenue from operations			
Interest income	25	39,685.86	28,590.40
Fees and commission income	26	1,511.16	878.73
Lease income		789.55	233.85
Net gain on derecognition of financial assets at amortised cost	27	6,561.15	1,392.82
Sale of services	28	62.73	46.63
Recoveries of financial assets written off	29	80.21	41.57
Net gain on fair value changes	30	485.62	425.27
Total revenue from operations		49,176.28	31,609.27
Other income	31	4,539.19	1,121.75
Total income		53,715.47	32,731.02
Expenses			
Finance costs	32	20,011.42	11,959.58
Customer loyalty bonus	33	783.01	1,525.16
Impairment on financial instruments	34	2,690.02	1,968.77
Employee benefit expenses	35	11,718.40	7,594.14
Depreciation, amortisation and impairment	13A	1,116.99	752.37
Other expenses	36	8,624.48	3,321.16
Total expenses		44,944.32	27,121.18
Profit before tax		8,771.15	5,609.84
Tax expense:			
Current tax	11	1,069.11	1,346.58
Deferred tax charge / (credit)	11	1,199.40	86.25
Tax for previous years	11	108.66	-
Total Tax expense		2,377.17	1,432.83
Profit after tax		6,393.98	4,177.01
Other comprehensive income (OCI)			
Items that will not be reclassified to profit and loss:			
Remeasurement losses on defined benefit plans		(29.14)	(31.23)
Tax impact on above	11	7.34	7.86
Other comprehensive loss for the year (net of tax)		(21.80)	(23.37)
Total comprehensive income for the year		6,372.18	4,153.64
Earnings per share (Nominal value per share Rs.)	38		
Basic		28.37	18.54
Diluted		22.05	14.41
Summary of material accounting policies			

The accompanying notes are an integral part of the financial statements

1 - 57

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

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

Ms. Shilpa Pophale
Managing Director & CEO
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Mr. Vallabh Ghate
Company Secretary
M No. A41587

Place: Pune
Date: May 29, 2024

Place: Pune
Date: May 29, 2024

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2024

a. Equity Share Capital

(₹ in Lakhs)

Particulars	Note No.	As At	
		March 31, 2024	March 31, 2023
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. Preference Share Capital

(₹ in Lakhs)

Particulars	Note No.	As At	
		March 31, 2024	March 31, 2023
Balance at the beginning of the year	23	1,265.37	-
Changes in preference share capital during the year*		-	1,265.37
Balance at the end of the year		1,265.37	1,265.37
Total		3,518.83	3,518.83

* 63,29,839 compulsory convertible preference shares had been transferred from financial liability to equity in the previous year.

c. Other equity

(₹ in Lakhs)

Particulars	Note No.	Reserves and Surplus							Total Other equity
		Securities premium	Retained earnings	Statutory Reserve as per RBI	General reserve	Capital reserves	Capital redemption reserve	Employee stock options outstanding	
Balance as at April 01, 2022	24	261.77	12,428.98	4,192.52	2,230.24	6.76	4.89	109.50	19,234.66
Profit after tax		-	4,177.01	-	-	-	-	-	4,177.01
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			(835.40)	835.40					-
Share based payment to employees - charge for the year		-	-	-	-	-	-	16.27	16.27
Reclassification of CCPS from Financial Liability to Equity		9,451.02	-	-	-	-	-	-	9,451.02
Balance as at March 31, 2023		9,712.79	15,747.22	5,027.92	2,230.24	6.76	4.89	125.77	32,855.60
Profit after tax		-	6,393.98	-	-	-	-	-	6,393.98
Other comprehensive income (net of taxes)		-	(21.80)	-	-	-	-	-	(21.80)
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934			(1,278.80)	1,278.80					-
Dividend paid on Compulsory Convertible Preference Shares			(0.01)						(0.01)
Share based payment to employees - charge for the year		-	-	-	-	-	-	91.76	91.76
Balance as at March 31, 2024	24	9,712.79	20,840.61	6,306.72	2,230.24	6.76	4.89	217.53	39,319.53

Summary of material accounting policies

The accompanying notes are an integral part of the financial statements

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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: Pune
Date: May 29, 2024

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

Ms. Shilpa Pophale
Managing Director & CEO
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Mr. Vallabh Ghate
Company Secretary
MNo. A41587
Place: Pune
Date: May 29, 2024


STATEMENT OF CASH FLOW

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	for the year ended	
	March 31, 2024	March 31, 2023
Cash flows from operating activities		
Profit before tax	8,771.15	5,609.84
Adjustments for:		
Depreciation and amortisation	1,116.99	752.37
Loss / (profit) on sale of fixed assets	-	(0.94)
Other balances written off	3,343.20	13.28
Credit balances written back	3,238.59	386.55
Impairment on financial instruments	588.53	303.63
Loans written off	2,101.49	1,678.42
Stock option expenditure	91.76	16.27
Dividend income	(0.02)	(0.04)
Income from shares & mutual funds	(486.85)	(120.79)
Interest on margin money deposits	(238.47)	(142.18)
Net gain on fair value changes	(7,046.77)	(1,818.09)
Impairment loss on investment property	4.00	92.27
Finance cost	20,011.42	11,959.58
Operating profit before working capital changes	31,793.17	18,730.17
Movements in working capital		
(Increase)/decrease in trade receivables	(3,617.28)	(77.87)
(Increase)/decrease in loans	(42,646.24)	(72,288.79)
(Increase)/decrease in other financial assets	(3,353.93)	2,171.78
(Increase)/decrease in other non-financial assets	(391.49)	(424.67)
Increase/(decrease) in other payables	352.48	419.25
Increase/(decrease) in other financial liabilities	5,160.40	4,260.55
Increase/(decrease) in provisions	23.81	143.84
Increase/(decrease) in other non-financial liabilities	(266.27)	429.45
Cash generated from / (used in) operations	(12,945.36)	(46,636.29)
Direct taxes paid (net of refunds)	(2,457.32)	(860.35)
Net cash flows used in operating activities (A)	(15,402.68)	(47,496.64)
Cash flows from investing activities		
Purchase of property, plant and equipment (incl. capital work-in-progress)	(4,713.48)	(2,707.23)
Purchase of intangible assets	(72.85)	(155.97)
Proceeds from maturity of fixed deposits	25,182.25	8,199.29
Payments towards fixed deposits	(23,623.36)	(7,900.00)
Proceeds from sale of property, plant and equipment / investment property	127.19	4.19
Proceeds from sale of investments	96,500.00	10,396.52
Purchase of investments	(96,501.22)	(10,396.06)
Dividend received	0.02	0.04
Interest income	155.92	142.18
Income from mutual funds	486.85	120.79
Net cash flows (used in)/ from investing activities (B)	(2,458.68)	(2,296.26)
Cash flows from financing activities		
Repayment of debt securities	(6,963.06)	(6,447.87)
Repayment of borrowings other than debts securities	(1,08,853.00)	(22,249.79)
Proceeds from debts securities	24,849.00	-
Proceeds from borrowing	1,23,200.41	84,550.00
Proceeds from sub-ordinate debts securities	7,000.00	3,000.00
Finance cost	(19,296.49)	(11,959.58)
Payment of lease liability	(474.88)	(275.99)
Net cash flows from / (used in) financing activities (C)	19,461.97	46,616.77
Net increase / (decrease) in cash and cash equivalents (A + B + C)	1,600.62	(3,176.12)
Cash and cash equivalents at the beginning of the year	5,791.15	8,967.27
Cash and cash equivalents for the period/ end of the year	7,391.76	5,791.15
Components of cash and cash equivalents	March 31, 2024	March 31, 2023
Cash and cash equivalents at the end of the year		
i) Cash on hand	10.51	5.51
ii) Balances with banks	7,381.25	5,785.64
- in current accounts		
Total	7,391.76	5,791.15

Summary of material accounting policies

The accompanying notes are an integral part of the financial statements 1 - 57

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: Pune
Date: May 29, 2024

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

Ms. Shilpa Pophale
Managing Director & CEO
DIN: 00182457

Place: Pune
Date: May 29, 2024

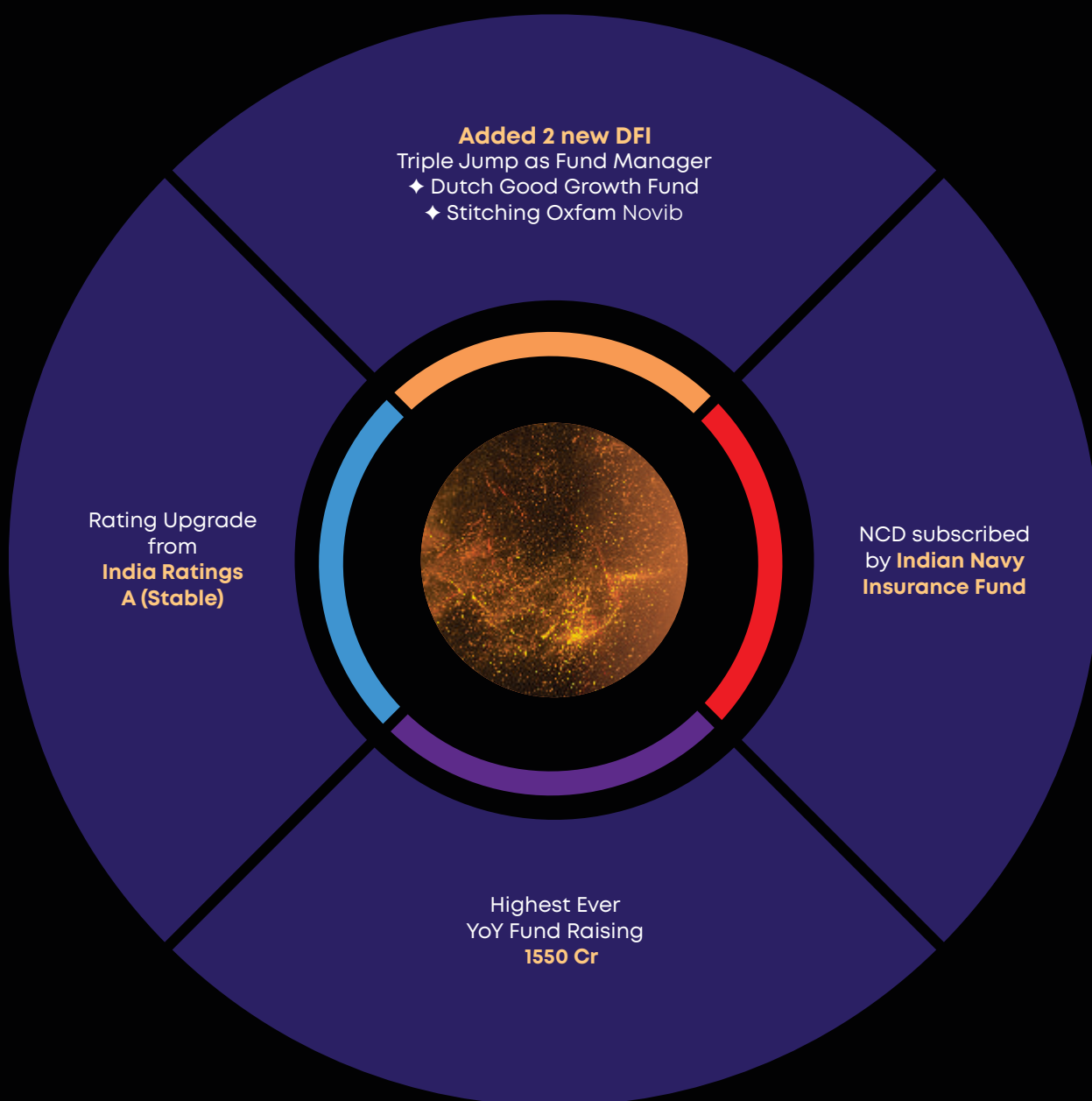
Mr. Sujit Natekar
Director
DIN: 00182517

Mr. Vallabh Ghate
Company Secretary
M No. A41587

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Treasury

HIGHLIGHTS



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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 451A 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, 2024 were approved by the company's board of directors and authorized for issue on May 29, 2024.

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) The financial statements have been prepared on accrual basis.
- (c) Material 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 estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Any revisions to accounting estimates are recognized prospectively in the period in which the 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 & 52]
- 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.o.]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.h.]

Company had implemented a new ERP package during FY 2022 and there continue to be customizations / enhancement to the application based on requirements of the Company. While issues pertaining to migration of data are largely identified and resolved, for certain transactions, Company is maintaining data in various sub-systems for the purpose of accounting and reporting. Balances pertaining to such data have been considered in the books of accounts on the basis of alternate evidence / information as available with the management.

The impact of the aforesaid with respect to compliance of legal and other requirements is considered to be not material.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

3. Summary of Material Accounting Policies Information

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 the provisioning norms which are more conservative than the provisioning norms prescribed under 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.

(iv) 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, these fees are amortized over the net expected life of the loan based on the EIR method.

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 Solely 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 income is recorded 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

The Company ascertains default events based on past behavioral trends witnessed for each homogeneous 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, the Company determines that 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, tenor, 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. 52.

(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.

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. Reschedule 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 occur. De-recognition decisions and classification between Stage 2 and Stage 3 are determined on a case to 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. Losses on initial classification as held for sale and subsequent gains & losses on remeasurement are recognised in Statement of Profit and loss.

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

g. Foreign currency transactions

Initial Recognition: A foreign currency transaction is recorded, on initial recognition at the spot rate 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

(i) PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Property, plant and equipments are measured on initial recognition at cost. The cost comprises of the purchase price, the borrowing costs if the capitalization criteria is 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. Property, plant and equipment are subsequently measured at cost, less accumulated depreciation and accumulated impairment in their carrying value, if any

(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) An intangible asset is recognised when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the item can be measured reliably. Intangible asset is measured on initial recognition at cost. Intangible asset acquired separately is measured on initial recognition at cost. Subsequently, it is measured at cost less accumulated depreciation and accumulated impairment.

- (ii) Amortization is recognized in accordance with the requirements of Indian Accounting Standard (Ind AS) 38 – 'Intangible Assets'. Accordingly, amortization of computer software is charged using the Straight Line Method as per useful lives of respective assets which is presently considered as 6 years. The useful lives of intangible assets are reviewed at each financial year and the amortization is 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 is 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 life. 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.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

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 is 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 is recognized in the statement of profit or loss 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

(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 and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

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.

Company as lessee:

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 from the commencement date over the shorter of lease term or useful life of right-of-use asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

The Company adopts the exemption permitted in Ind AS 116 for low value assets and short-term leases. In such case, the lease payments associated with such leases are recognised as expense on straight-line basis over the lease term.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

r. **Borrowing costs**

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

s. **Compulsorily Convertible Preference Shares:**

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

As at March 31, 2023, the terms of conversion basis which the number of equity shares to be issued was determined. Hence, the instrument no longer meets the definition of Financial Liability and it meets the definition of Equity in accordance with Ind AS.

Therefore, the CCPS were derecognized as financial liability and recognized as Equity during the Financial Year 2022-23.

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.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

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.

4. Cash and cash equivalents

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Cash on hand	10.51	5.51
Balance with banks -		
- in current accounts	7,376.74	5,781.60
- in earmarked balance with bank	4.51	4.04
Total	7,391.76	5,791.15

5. Bank balances other than cash and cash equivalents

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Fixed deposits with bank	5,585.84	6,821.33
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	1,304.95	1,545.79
Total	6,890.79	8,367.12

6. Receivables

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
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	351.95	77.87
Other receivables which have significant increase in credit risk	-	-
Other receivables -credit impaired	-	-
Gross	351.95	77.87
Less: Allowances for impairment loss on credit impaired other receivables	-	-
Net	351.95	77.87

As at 31.03.2024

(₹ in Lakhs)

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 - Unsecured	351.95	-	-	-	-	351.95
(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	351.95	-	-	-	-	351.95

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

As at 31.03.2023

(₹ in Lakhs)

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 - Unsecured	77.87	-	-	-	-	77.87
(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	77.87	-	-	-	-	77.87

7. Loans

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
At amortised cost		
(A) Term loans *	2,43,480.42	1,99,055.06
Less: Impairment allowance	(3,702.76)	(3,041.79)
Total (A)	2,39,777.67	1,96,013.27
(B) Out of the above		
(I) Secured (Against hypothecation of equipments, plant & machinery, book debts and equitable/ registered mortgage of immovable properties, etc.)	2,41,563.85	1,98,501.58
Less: Impairment allowance	(3,665.13)	(3,032.81)
Sub total (I)	2,37,898.72	1,95,468.77
(II) Unsecured	1916.57	553.48
Less: Impairment allowance	(37.63)	(8.98)
Sub total (II)	1,878.94	544.50
Total (I+II)	2,39,777.66	1,96,013.27
(C) Out of the above		
(I) Within India	2,43,480.42	1,99,055.06
Less: Impairment allowance	(3,702.76)	(3,041.79)
Sub total (I)	2,39,777.67	1,96,013.27
(II) Outside India	-	-
Total (I+II)	2,39,777.67	1,96,013.27
(D) Out of the above		
(I) to public sector/government entities	-	-
(II) others	2,43,480.42	1,99,055.06
Less: Impairment allowance	(3,702.76)	(3,041.79)
Sub total (II)	2,39,777.67	1,96,013.27
Total (I+II)	2,39,777.67	1,96,013.27
(E) Out of the above		
(I) Due from related parties	25.26	16.42
Less: Impairment allowance	0.14)	(0.92)
Sub total (I)	25.12	15.50
(II) Others	2,43,455.16	1,99,038.64
Less: Impairment allowance	(3,702.63)	(3,040.87)
Sub total (II)	2,39,752.55	1,95,997.77
Total (I+II)	2,39,777.67	1,96,013.27

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

* The above mentioned loan book is net of cash collateral amounting to Rs. 62,397.07 lakhs (PY Rs. 55,707.61 lakhs)

Summary of loans by stage distribution

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Stage 1		
Gross carrying value	2,38,188.24	1,93,230.18
Less: Impairment allowance	(1,825.19)	(1,203.35)
Net carrying value (A)	2,36,363.06	1,92,026.83
Stage 2		
Gross carrying value	772.47	3,670.22
Less: Impairment allowance	(318.73)	(848.99)
Net carrying value (B)	1,453.74	2,821.23
Stage 3		
Gross carrying value	3,519.71	2,154.66
Less: Impairment allowance	(1,558.84)	(989.45)
Net carrying value (C)	1,960.87	1,165.21
Total		
Gross carrying value	2,43,480.42	1,99,055.06
Less: Impairment allowance	(3,702.76)	(3,041.79)
Net carrying value (A+B+C)	2,39,777.67	1,96,013.27

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, 2024							
	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, 2023	1,93,230.19	1,203.35	3,670.22	848.99	2,154.66	989.45	1,99,055.07	3,041.79
Transfers during the year								
transfers to Stage 1	999.14	7.81	(881.51)	(6.64)	(117.63)	(1.17)	-	-
transfers to Stage 2	(1,235.77)	(223.27)	1,250.32	224.91	(14.55)	(1.65)	(0.00)	-
transfers to Stage 3	(1,498.01)	(664.84)	(807.35)	(351.96)	2,305.36	1,016.81	-	-
Impact of changes in credit risk on account of stage movements	-	(497.74)	-	206.83	-	772.22	-	481.32
Changes in opening credit exposures (additional disbursement net of repayments)	(98,492.39)	979.87	(1,818.53)	(668.97)	1,217.31	109.22	(99,093.62)	420.12
New credit exposures during the year, net of repayments	1,45,185.09	1,020.00	359.33	65.57	76.05	29.48	1,45,620.47	1,115.05
Amounts written off during the year	-	-	-	-	(2,101.49)	(1,355.51)	(2,101.49)	(1,355.51)
as at March 31, 2024	2,38,188.24	1,825.17	1,772.48	318.74	3,519.71	1,558.85	2,43,480.42	3,702.76


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

(₹ in Lakhs)

Particulars	As at March 31, 2023							
	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, 2022	1,23,319.52	916.66	2,300.76	270.63	3,296.64	1,636.55	1,28,916.92	2,823.84
Transfers during the year								
transfers to Stage 1	1,753.16	352.35	(1,366.97)	(168.87)	(386.20)	(183.48)	-	-
transfers to Stage 2	(2,627.74)	(16.15)	2,823.03	74.02	(195.28)	(57.88)	0.01	-
transfers to Stage 3	(959.09)	(5.55)	(338.06)	(38.91)	1,297.15	44.46	-	-
Impact of changes in credit risk on account of stage movements	(8,796.69)	(614.96)	(674.84)	490.32	(590.72)	695.95	(10,062.25)	571.31
Changes in opening credit exposures (additional disbursement net of repayments)	(49,070.87)	(340.51)	(103.03)	(3.91)	193.25	162.26	(48,980.66)	(182.16)
New credit exposures during the year, net of repayments	1,29,611.89	911.51	1,029.33	225.71	204.96	64.44	1,30,846.19	1,201.65
Amounts written off during the year	-	-	-	-	(1,665.14)	(1,372.85)	(1,665.14)	(1,372.85)
as at March 31, 2023	1,93,230.19	1,203.35	3,670.22	848.99	2,154.66	989.45	1,99,055.07	3,041.79

Details of impairment on financial instruments disclosed in the Statement of Profit and Loss (Note 34)

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Net impairment loss allowance charge for the year	588.53	303.63
Amounts written off during the year	2,101.49	1,665.14
Impairment on financial instruments	2,690.02	1,968.77

8. Investments

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Investments carried at fair value through profit and loss account		
In equity instruments		
7500 (March 31, 2023 :7500) equity shares of J. M. Financials Limited of Rs.1 each fully paid up	5.60	4.61
617 (March 31, 2023: 617) equity shares of Indian Seamless Enterprises Limited of Rs.10 each fully paid up	0.54	0.31
280 (March 31, 2023: 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		-
1000 (March 31, 2023: 1000) equity shares of The Saraswat Co-operative Bank Ltd of Rs.10 each fully paid up	0.10	0.10
250 (March 31, 2023: 250) equity shares of The Rajashri Shahu Sahakari Bank Ltd of Rs.100 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		-
Total	6.70	5.48
* Out of the above		
- Within India	6.70	5.48
- Outside India	-	-
Total	6.70	5.48
* Out of the above		
- Quoted	6.14	4.92
- Un-quoted	0.56	0.56
Total	6.70	5.48

9. Other financial assets

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Security deposits	309.38	188.67
Retained interest on assets assigned	3,337.16	200.54
Receivable from Bank towards EFL Assignment	24.43	-
Lease rent receivable	72.17	-
Total	3,743.14	389.21

10. Current tax asset

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Advance income tax & TDS receivable (net of provision of tax)	1,105.51	513.75
Total	1,105.51	513.75

11. Deferred tax assets (net)

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Deferred tax asset		
Disallowance u/s 43B of Income tax Act, 1961	64.32	31.63
ELR impact on financial instruments (assets) measured at amortised cost	1,158.75	708.16
Loyalty Bonus provision	97.15	276.57
Impairment on financial instruments	801.73	753.88
Employee Stock Options issued	91.31	40.68
Remeasurement of Actuarial losses through OCI	7.34	7.86
Leases	36.30	26.09
Other temporary differences	24.09	20.63
Subtotal A	2,280.99	1,865.49
Less:		
Deferred tax liability		
Depreciation / amortization charged for the current financial year	(153.52)	(175.04)
Fair valuation of cash collateral	(1,247.56)	(586.24)
Service asset on derecognition of financial assets	(839.90)	(50.47)
ELR impact on financial instruments (liabilities) measured at amortised cost	(396.22)	(208.86)
Fair Valuation of Investments	(1.25)	(0.94)
Other temporary differences	-	(1.46)
Subtotal B	(2,638.45)	(1,023.01)
Deferred tax Asset / (Deferred tax Liability) Total (A+B)	(357.46)	842.47

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, 2024	March 31, 2023
Accounting profit before tax	8,771.15	5,609.84
At India's statutory income tax rate of 25.17% (2023: 25.17%)	2,207.52	1,411.88
Tax on income not subject to tax	(0.02)	(0.01)
Tax on expenditure not considered for tax	6.05	21.80
Tax for previous years	108.66	-
Tax on additional deductions	(5.05)	(0.84)
Income tax expense reported in the statement of profit and loss	2,377.17	1,432.83

- Company opted for reduced corporate tax rate of 25.17% as per section 115BAA of the Income Tax Act, 1961.

- The effective income tax rate for the financial year ended on March 31, 2024 is 27.10% (March 31, 2023 : 25.54%).


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

b. Deferred Tax**Changes in deferred tax recorded in profit and loss account:**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Disallowance u/s 43B of Income tax Act, 1961	(32.69)	1.05
EIR impact on financial instruments measured at amortised cost	(263.23)	185.82
Loyalty Bonus provision	179.42	34.48
Depreciation / amortization charged for the financial reporting	(21.52)	62.91
Impairment on financial instruments	(47.86)	(215.33)
Leases	(10.21)	(20.16)
Fair valuation of cash collateral	661.32	141.04
Employee Stock Options issued	(50.63)	(13.12)
Service asset on derecognition of financial assets	789.42	(108.43)
Fair Valuation of Investments	0.31	(0.12)
Remeasurement of Actuarial losses through OCI	(0.52)	0.34
Other temporary differences	(4.42)	17.76
Total Charge/(Credit)	1,199.40	86.25

Changes in deferred tax assets recorded in other comprehensive income

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Deferred tax relates to following		
Remeasurement of Actuarial (gain)/loss through OCI	(7.34)	(7.86)
Total (Charge)/Credit	(7.34)	(7.86)

12. Investment property**Gross Block**

(₹ in Lakhs)

Particulars	Amount
at April 01, 2022	1,136.21
Additions	5.50
Disposals	-
Reclassified to property, plant and equipment (Note 13)	(551.55)
at March 31, 2023	590.16
Additions	59.31
Disposals	123.45
at March 31, 2024	526.02

Depreciation

(₹ in Lakhs)

Particulars	Amount
at April 01, 2022	81.10
Charge for the year (Note 13A)	14.82
Disposals	-
Reclassified to property, plant and equipment (Note 13)	(61.22)
at March 31, 2023	34.70
Charge for the year (Note 13A)	7.54
Disposals	1.56
Reclassified to property, plant and equipment	-
at March 31, 2024	40.68

Impairment loss

(₹ in Lakhs)

Particulars	Amount
at April 01, 2022	
Charge for the year (Note 36)	92.27
Disposals	
at March 31, 2023	92.27
Charge for the year (Note 36)	4.00
Disposals / Reversal	11.27
at March 31, 2024	85.00

Net Block

(₹ in Lakhs)

Particulars	Amount
at March 31, 2023	463.19
at March 31, 2024	400.34

i. Amount recognised in profit and loss for investment properties

(₹ in Lakhs)

Particulars	for the year ended	
	March 31, 2024	March 31, 2023
Rental income	2.68	15.45
Direct operating expenses from property that generated rental income	0.77	2.91

ii. Fair Value

(₹ in Lakhs)

Particulars	as at	
	March 31, 2024	March 31, 2023
Investment property	581.84	597.43

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)	
March 31, 2024	400.34	-	-	581.84	581.84
March 31, 2023	463.19	-	-	597.43	597.43

Estimation of Fair value

Investment properties leased out by the company are cancellable leases. Fair value of the investment property as on March 31, 2024 and March 31, 2023 are based on the valuation by a registered valuer as defined in rule 2 of Companies (Registered Valuers & Valuations) Rules, 2017.


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, 2022	1,389.96	3,450.82	298.98	383.23	375.33	1,050.69	78.17	932.02	439.25	8,398.45	513.06	513.06
Additions	-	-	-	290.35	265.50	240.38	-	615.29	1,350.28	2,761.81	155.97	155.97
Disposals	-	-	-	-	-	-	4.18	61.38	-	65.56	-	-
Reclassified from Investment property (Note 12)	-	551.55	-	-	-	-	-	-	-	551.55	-	-
at March 31, 2023	1,389.96	4,002.37	298.98	673.58	640.83	1,291.07	73.99	1,485.93	1,789.53	11,646.25	669.03	669.03
Additions	-	-	-	282.18	43.85	312.82	1.97	1,148.99	2,844.50	4,634.31	72.83	72.83
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reclassified from Investment property (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2024	1,389.96	4,002.37	298.98	955.76	684.68	1,603.89	75.96	2,634.92	4,634.03	16,280.56	741.86	741.86

Depreciation												
at April 01, 2022	-	241.28	78.38	195.96	266.00	369.25	25.90	519.96	1.99	1,698.72	385.00	385.00
Charge for the year	-	54.72	7.19	108.95	61.58	93.82	8.78	287.34	82.79	705.17	32.38	32.38
Disposals	-	-	-	-	-	-	3.98	-	-	3.98	-	-
Reclassified from Investment property (Note 12)	-	61.22	-	-	-	-	-	-	-	61.22	-	-
at March 31, 2023	-	357.22	85.57	304.91	327.58	463.07	30.70	807.30	84.78	2,461.13	417.38	417.38
Charge for the year	-	63.66	7.33	187.86	82.58	119.83	8.80	388.15	200.43	1,058.64	50.81	50.81
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Reclassified from Investment property (Note 12)	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments *	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2024	-	420.88	92.90	492.77	410.16	582.90	39.50	1,195.45	285.21	3,519.77	468.19	468.19

Impairment loss												
at April 01, 2022	-	-	126.73	-	2.82	74.93	-	-	-	204.48	0.91	0.91
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2023	-	-	126.73	-	2.82	74.93	-	-	-	204.48	0.91	0.91
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
at March 31, 2024	-	-	126.73	-	2.82	74.93	-	-	-	204.48	0.91	0.91

Net Block												
at March 31, 2023	1,389.96	3,645.15	86.69	368.67	310.43	753.07	43.29	678.63	1,704.75	8,980.62	250.73	250.73
at March 31, 2024	1,389.96	3,581.49	79.36	462.99	271.70	946.06	36.46	1,439.47	4,348.82	12,556.30	272.77	272.77

Note 1: The Company confirms that the title deeds of immovable properties are held in the name of the Company.

Capital work in progress

(₹ in Lakhs)

Particulars	As at 31st March 2024				
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Capital work in progress - Building	-	2.45	-	96.60	99.05
Total	-	2.45	-	96.60	99.05

(₹ in Lakhs)

Particulars	As at 31st March 2023				
	Less than 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Capital work in progress - Building	2.45	-	-	96.60	99.05
Total	2.45	-	-	96.60	99.05

13A. Depreciation and Amortisation charges

Particulars	for the year ended	
	March 31, 2024	March 31, 2023
Depreciation on Property Plant and Equipment (Note 13)	1,058.64	705.17
Depreciation on Intangible Assets (Note 13)	50.81	32.38
Depreciation on Investment Property (Note 12)	7.54	14.82
Total	1,116.99	752.37

14. Other non financial assets

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Prepaid expenses	285.41	250.57
GST input and receivables (net of liabilities)	691.46	333.64
Advance to suppliers	50.41	349.18
Receivable from ex-employee	298.14	-
Less: provision on receivable from ex-employee	(298.14)	-
Total	1,027.28	933.39

15. Payables

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
(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	867.71	518.50
Total	867.71	518.50

As at 31.03.2024

(₹ 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	867.71	-	-	-	867.71
(iii) Disputed MSME	-	-	-	-	-
(iv) Disputed Others	-	-	-	-	-
TOTAL	867.71	-	-	-	867.71

As at 31.03.2023

(₹ 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	518.50	-	-	-	518.50
(iii) Disputed MSME	-	-	-	-	-
(iv) Disputed Others	-	-	-	-	-
TOTAL	518.50	-	-	-	518.50

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, 2024	March 31, 2023
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, 2024	March 31, 2023
A. At amortised cost		
Debentures/ Bonds/ External Commercial Borrowings (ECB)		
33750 (March 2023) 10.30% Secured, Redeemable, Non-convertible Debentures redeemable on March 2026.	3,387.91	3,471.26
118650 (March 2023) 11.25% Unsecured Subordinated, Redeemable, Non-Convertible Debentures redeemable at par on June 2027.	4,070.14	6,021.36
Masala Bonds	0.00	3,503.03
700 (March 2023) 11.35% Secured unrated rupee denominated (masala) green bonds due for maturity on March 2024 issued overseas on a private placement basis.		
6210 (June 2023) 11.40% Senior Secured Debt unrated rupee denominated bonds due for maturity on December 2028 issued on a private placement basis.	6,394.26	-
2400 (September 2023) 10.45% Secured Rated Listed Redeemable Non-Convertible Debentures due for maturity in October 2026 issued on a private placement basis.	2,367.72	-
2500 (August 2023) 10.67% Rated, Unlisted, Senior, Secured, Redeemable, Transferable Non-Convertible Debentures due for maturity in August 2026 issued on a private placement basis.	2,079.28	-
2500 (September 2023) 10.48% Rated, Listed, Senior, Secured, Redeemable, Transferable Non-Convertible Debentures due for maturity in September 2026 issued on a private placement basis.	2,088.78	-
4500 (July 2023) 9.00% Senior, secured, rated, unlisted, redeemable, taxable, non-convertible debentures due for maturity in July 2026 issued on a private placement basis.	3,665.45	-
12.34% (December 2023) Senior Unsecured External Commercial Borrowing due for maturity in December 2028 issued on a private placement basis.	2,293.78	
12.38% (January 2024) Senior Unsecured External Commercial Borrowing due for maturity in July 2028 issued on a private placement basis.	4,534.27	
Total	30,881.59	12,995.65
B. Out of the above		
- Secured under hypothecation of loans receivables	19,983.41	6,974.29
- Unsecured	10,898.18	6,021.36
Total	30,881.59	12,995.65
C. Out of the above		
- In India	17,659.28	9,492.62
- Outside India	13,222.31	3,503.03
Total	30,881.59	12,995.65


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Terms of repayment of non-convertible debentures (NCDs) and bonds as at March 31, 2024

Original maturity of NCDs and bonds	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	6,541.33	3,167.00	1,583.33	-	11,291.67
3 - 4 years	2,277.60	3,177.40	900.00	0.20	6,355.20
More than 4 years	-	776.25	3,798.83	8,373.92	12,949.00
Interest accrued and impact of EIR					285.73
Total	8,818.92	7,120.66	6,282.17	8,374.11	30,881.59

– Interest rate ranges from 9% p.a to 12.38% p.a as at March 31, 2024

Terms of repayment of non-convertible debentures (NCDs) and bonds as at March 31, 2023

Original maturity of NCDs and bonds	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	-	3,338.99	0.34	-	3,339.33
3 - 4 years	1,977.30	1,977.60	1,935.57	0.20	5,890.67
More than 4 years	3,499.29	-	-	-	3,499.29
Interest accrued and impact of EIR					266.36
Total	5,476.60	5,316.59	1,935.91	0.20	12,995.65

– Interest rate ranges from 10.30% p.a to 11.35% p.a as at March 31, 2023

17. Borrowings (other than debt securities)

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
(A) At amortised cost		
Indian rupee loan from banks	1,36,885.52	1,23,900.40
Indian rupee loan from financial institutions	17,067.32	9,956.49
Sub-total (A)	1,53,952.84	1,33,856.89
(B) Loans repayable on demand		
Cash credit from banks	1,218.28	6,037.42
Loan from Related Parties	389.14	213.22
Sub-total (B)	1,607.42	6,250.64
Total (A+B)	1,55,560.26	1,40,107.53
(C) Out of the above		
- Within India	1,55,560.26	1,40,107.53
- Outside India	-	-
Total (C)	1,55,560.26	1,40,107.53
(D) Out of the above		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)	1,55,171.13	1,39,894.31
- Unsecured	389.14	213.22
Total (D)	1,55,560.26	1,40,107.53

* 63,29,839 compulsory convertible preference share had been reclassified from financial liability to equity in the previous year.

The quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the subsidiary books of accounts.

The company has used the borrowings from banks and financial institutions for the specific purpose for which they were taken during the financial year.


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Quarter	Stock Statement	Portfolio	Difference	Remark for difference
Q1	4,40,561.00	4,37,981.00	2,580.00	Difference is attributable mainly due to the reconciliation entries between final and provisional portfolio report. Stock statement were submitted prior to reconcillation of data.
Q2	3,68,904.00	3,68,905.00	(1.00)	
Q3	3,42,930.00	3,42,930.00	-	
Q4	3,03,377.00	3,03,377.00	-	
Total	14,55,772.00	14,53,193.00	2,579.00	

Terms of repayment of term loans from banks & financial institution and Loans from related parties as at March 31, 2024

Original Maturity of loan	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		Due more than 3 years		Total
	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	
Monthly									
upto 1 year	-	-	-	-	-	-	-	-	-
1 - 2 year	-	-	-	-	-	-	-	-	-
2 - 3 year	135	10,024.18	112.00	8,487.59	40.00	2,462.07	-	-	20,973.84
3 - 4 years	151	9,165.44	120.00	7,425.18	41.00	3,483.54	-	-	20,074.16
More than 4 years	333	20,559.11	260.00	17,901.33	199.00	14,792.57	189.00	12,847.79	66,100.81
Quarterly									
upto 1 year	0	-	-	-	-	-	-	-	-
1 - 2 year	0	-	0	-	-	-	-	-	-
2 - 3 year	23	5,779.68	17	4,509.04	1	291.67	-	-	10,580.38
3 - 4 years	8	803.57	8	803.57	8	803.57	3	294.64	2,705.35
More than 4 years	43	7,984.82	44	8,379.62	42	7,737.19	67	9,888.03	33,989.66
On Maturity									
upto 1 year		389.14							389.14
Interest accrued and impact of EIR									(471.35)
Total	693	54,705.94	561	47,506.33	331	29,570.60	259	23,030.46	1,54,341.98

– Interest rate ranges from 8.75% p.a to 12.05% p.a as at March 31, 2024

Terms of repayment of term loans from banks & financial institution and working capital demand loans as at March 31, 2023

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	108	7,357.91	108	5,812.07	108	3,996.82	378	110.93	17,277.73
3 - 4 years	144	7,801.80	144	7,798.01	144	5,849.21	504	1,945.97	23,394.99
More than 4 years	324	17,393.67	324	15,191.70	324	12,582.96	1,134	13,919.70	59,088.03
Quarterly									
upto 1 year	-	-	-	-	-	-	-	-	-
2 - 3 year	60	4,845.72	60	4,827.18	60	3,331.44	210	-	13,004.34
3 - 4 years	12	390.67	12	-	12	-	42	-	390.67
More than 4 years	84	4,924.41	84	4,719.22	84	4,719.22	294	6,448.76	20,811.61
On Maturity									
upto 1 year	-	213.12	-	-	-	-	-	-	213.12
Interest accrued and impact of EIR									(110.37)
Total	732	42,927.30	732	38,348.18	732	30,479.65	2,562	22,425.36	134,070.11

– Interest rate ranges from 8.65% p.a to 11.80% p.a as at March 31, 2023


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

18. Subordinated liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
A. At amortised cost		
From Non-banking Financial Companies		
3000 (March 31, 2022 : Nil) 12.55% Rated, Unlisted, Unsecured, Taxable, Subordinated (Tier II), Non-Convertible Debentures and Redeemable in June 2028	2,930.89	2,875.19
5000 (December 2023) 13.00% Unsecured, Rated, Subordinated Listed, Redeemable, Non-Convertible Debentures and Redeemable in June 2029	4,678.42	-
2000 (March 2024) 13.00% Unsecured, Rated, Subordinated Listed, Redeemable, Non-Convertible Debentures and Redeemable in September 2029	1,875.50	-
Total (A)	9,484.81	2,875.19
B. Out of the above		
- Within India	9,484.81	2,875.19
- Outside India	-	-
Total (B)	9,484.81	2,875.19
C. Out of the above		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)		
- Unsecured	9,484.81	2,875.19
Total (C)	9,484.81	2,875.19

Terms of repayment as at March 31, 2024

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 3 years	-	-	-	10,000.00	10,000.00
Interest accrued and impact of EIR					(515.19)
Total	-	-	-	10,000.00	9,484.81

- Interest rates range from 12.55% p.a to 13.00% p.a as at March 31, 2024

Terms of repayment as at March 31, 2023

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 3 years	-	-	-	3,000.00	3,000.00
Interest accrued and impact of EIR					(124.81)
Total	-	-	-	3,000.00	2,875.19

- Interest rate 12.55% p.a as at March 31, 2023

19. Other financial liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Cash collateral #	22,398.86	16,818.39
Unrecognised Fair value gain (Liability)	991.44	720.34
Security deposit on Leased Assets	702.34	286.38
Employee benefits payables	168.66	6.87
Unpaid dividend	4.10	4.10
Payable towards assignment / securitisation transactions	2,453.12	1,657.39
Advance from customers	390.78	188.82
Payable to customers / borrowers	2,606.95	6,129.47
Other financial liabilities	598.45	618.73
Lease Liability (Note 42)	1,585.61	784.30
Total	31,900.31	27,214.79

#Held in trust against off-books/ direct assignment transactions

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

20. Current tax liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Provision for taxation (Net of advance tax and TDS receivable)	1,066.56	1,754.35

21. Provisions

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Provision for employee benefits		
Provision for gratuity (refer note 44)	158.42	131.00
Provision for leave benefits (refer note 44)	248.15	157.51
Provision on undrawn loan commitments	32.59	105.04
Total	439.16	393.55

22. Other non financial liabilities

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Statutory dues payable	160.48	205.18
Payable to Insurance Company	66.55	288.13
Total	227.04	493.31

23. Share capital

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Share Capital (In Numbers):		
Authorized:		
3,65,00,000 (Previous year: 3,65,00,000) equity shares of Rs.10 each	3,650.00	3,650.00
1,80,00,000 (Previous year : 70,00,000) CCPS of Rs. 20 each	3,600.00	1,400.00
	7,250.00	5,050.00
Issued, subscribed and fully paid-up:		
2,25,34,645 (Previous year : 2,25,34,645) equity shares of Rs.10 each	2,253.46	2,253.46
63,26,839 (Previous year : 63,26,839) CCPS of Rs.20 each*	1,265.37	1,265.37
TOTAL	3,518.83	3,518.83

* 63,29,839 compulsory convertible preference shares had been transferred in FY 22-23. As per IND AS 32, CCPS can be classified as equity if the consideration and number of shares to be issued at the time of compulsory conversion is fixed. In FY 22-23 the Company has fixed the consideration per share which was based on certain business related targets specified in the Share Subscription And Share Purchase Agreement between the company and CCPS investor. Accordingly, the CCPS has been classified to equity in FY22-23.

Reconciliation of the preference shares outstanding at the beginning and at the end of the year

(Rs. In Lakh, except per share data)

Particulars	March 31, 2024		March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	63,26,839	1,265.37	-	-
Reclassified from financial liabilities to share capital during the year	-	-	63,26,839	1,265.37
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	63,26,839	1,265.37	63,26,839	1,265.37

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

(Rs. In Lakh, except per share data)

Particulars	March 31, 2024		March 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	2,25,34,645	2,253.46	2,25,34,645	2,253.46
Issued during the year	-	-	-	-
Shares outstanding at the end of the year	2,25,34,645	2,253.46	2,25,34,645	2,253.46

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

b. Terms / rights attached to equity shares

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

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

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

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

Particulars	March 31, 2024		March 31, 2023		% change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Equity shares of Rs.10 each					
Electronica Industries Limited	1,05,17,125	46.67%	1,05,17,125	46.67%	0.00%
Mugdha Investment & Finance Private Limited	95,47,120	42.37%	95,47,120	42.37%	0.00%
Smt. Manisha S Pophale	16,11,487	7.15%	16,11,487	7.15%	0.00%
Preference shares of Rs 20 each					
ESF Holdings	63,26,839	100.00%	63,26,839	100.00%	0.00%

e. Disclosure of shareholding of promoters

Disclosure of shareholding of promoters as at March 31, 2024 is as follows:

Particulars	March 31, 2024		March 31, 2023		% change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Smt. Manisha S Pophale	16,11,487	7.15%	16,11,487	7.15%	0.00%
Ms. Shilpa Pophale	66,500	0.30%	66,500	0.30%	0.00%
Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%	0.00%
Mr. Harsh Natekar	2,000	0.01%	-	-	-
Sujit Natekar (HUF)	500	0.00%	500	0.00%	0.00%
M/s Electronica Industries Limited	1,05,17,125	46.67%	1,05,17,125	46.67%	0.00%
M/s Electronica Hi Tech Machine Tools Private Limited	1,00,000	0.44%	1,00,000	0.44%	0.00%
M/s Mugdha Investment & Finance Private Limited	95,47,120	42.37%	95,47,120	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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

24. Other equity

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
(I) Securities premium account		
Balance as per last financial statements	9,712.79	261.77
Add: additions/transfer during the year*		9,451.02
Less: utilised during the year	-	-
Closing balance	9,712.79	9,712.79
(II) Retained earnings		
Balance as per last financial statements	15,747.22	12,428.98
Profit for the year	6,393.98	4,177.01
Less:		
Dividend on CCPS	(0.01)	-
Retirement benefit - Actuarial gains / (Loss)	(29.14)	(31.23)
Tax impact on above	7.34	7.86
Adjustment	-	-
Transfer to Statutory Reserve (20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)	1,278.80	835.40
Dividend and related distribution tax	-	-
Closing balance	20,840.61	15,747.22
Other reserves		
(I) Statutory reserve as required by section 45-IC of Reserve Bank of India Act, 1934		
Balance as per last financial statements	5,027.92	4,192.52
Add: amount transferred from statement of profit and loss	1,278.80	835.40
Closing balance	6,306.72	5,027.92
(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	125.77	109.50
Add: compensation of options granted during the year	91.76	16.27
Closing balance	217.53	125.77
Total	39,319.53	32,855.60

* 63,29,839 compulsory convertible preference shares had been transferred in FY 22-23. As per IND AS 32, CCPS can be classified as equity if the consideration and number of shares to be issued at the time of compulsory conversion is fixed. In FY 22-23 the Company has fixed the consideration per share which was based on certain business related targets specified in the Share Subscription And Share Purchase Agreement between the company and CCPS investor. Accordingly, the CCPS has been classified to equity in FY22-23.

Nature and purpose of other equity**(i) Securities premium**

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

(ii) Retained earnings

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

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

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

(iii) Statutory Reserve as required by 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) Capital reserve

Capital reserve represents profit recognised in erstwhile years on reissue of forfeited shares.

(vi) 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, 2024	March 31, 2023
Interest on loans		
Interest income on portfolio loans	39,685.86	28,590.40
Total	39,685.86	28,590.40

26. Fees and commission income

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Other operating revenue		
Prepayment charges	483.07	182.91
Fees and commission income	1,028.09	695.82
Total	1,511.16	878.73

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

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Net gain on sale of financial assets at amortised cost	6,561.15	1,392.82
Total	6,561.15	1,392.82

28. Sale of services

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Income from credit delivery arrangement	62.73	46.63
Total	62.73	46.63

29. Recoveries of financial assets written off

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Recoveries of financial assets written off	80.21	41.57
Total	80.21	41.57

30. Net gain on fair value changes

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Net Gain on fair value changes	485.62	425.27
Total	485.62	425.27


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

31. Other income

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Interest on margin money deposits	238.47	142.18
Infrastructure charges received	500.94	356.20
Dividend	0.02	0.04
Profit on sale of mutual funds	486.85	120.79
Profit on sale of Property Plant & Equipments	-	0.94
Profit on sale of Investment Property	16.41	-
Other non-operating income	57.90	115.05
Credit balances written back	3,238.59	386.55
Total	4,539.19	1,121.75

32. Finance cost

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Interest		
on term loans from banks	14,678.38	8,289.63
on non convertible debentures (including subordinated debts)	3,263.00	1,962.25
on cash credit from banks	206.68	137.27
on working capital demand loan	46.39	24.56
on cash collateral	1,154.18	1,159.62
on lease liability (Note 42)	120.92	74.53
on others	67.72	62.89
Bank charges	36.91	24.47
Processing fees	79.92	39.03
Other finance costs	357.32	185.33
Total	20,011.42	11,959.58

33. Customer loyalty bonus

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Customer loyalty bonus	783.01	1,525.16
Total	783.01	1,525.16

34. Impairment on financial instruments

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Impairment on loans	588.53	303.63
loans written off	2,101.49	1,665.14
Total	2,690.02	1,968.77

35. Employee benefit expenses

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Salaries and incentives	10,747.21	6,911.71
Contribution to provident and other funds	532.43	390.69
Staff welfare expenses	202.30	130.77
Employee stock option scheme (refer note 43)	91.76	16.27
Directors' remuneration	144.70	144.70
Total	11,718.40	7,594.14

36. Other expenses

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Rent, rates and taxes	45.77	35.50
Electricity expenses	144.82	85.84
Insurance	234.83	125.24
Payment to the auditors (refer note below)	25.37	21.75
Legal and professional fees	1,006.95	487.68
GST expenses	422.66	286.07
Telephone expenses	131.24	55.88
CSR expenditure (refer note 49)	77.61	63.29
Donation	5.00	13.01
Business promotion expenses	393.27	299.23
Conference expenses	105.59	72.93
Travelling / conveyance expenses	1,009.65	801.19
Directors' sitting fees	12.50	8.25
IT expenses	403.16	303.93
Training and recruitment	240.12	167.77
Other balances written off	3,343.20	13.28
Provision on Ex-staff advance (Note 53h)	298.14	-
Repair and Maintenance	-	-
-Building	7.57	0.97
-Furniture & Fixtures	8.23	3.66
-Electricals Equipments	26.70	15.79
-Vehilces	16.07	8.37
-Others	27.90	35.91
Postage, Printing and Stationary	135.91	93.91
Office Expenses	169.23	115.60
Impairment loss on investment property (Note 12)	4.00	92.27
Miscellaneous expenses	328.99	113.84
Total	8,624.48	3,321.16

Payment to auditors

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
As auditor :		
Audit fees	13.50	19.25
Limited review	8.25	-
Certification	3.25	2.50
Reimbursement of expenses	0.37	-
Total	25.37	21.75

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

37. Contingent Liabilities and commitments**a. Contingent liabilities not provided for in respect of**

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Guarantees		
Corporate guarantee against credit delivery arrangements	890.31	717.13
Other amounts for which the Company is contingently liable		
Income tax	38.97	4.81

b. Capital and other commitments

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Other commitments – towards partially disbursed/un-encashed loans*	3,493.75	8,970.30

*The amount includes LC limits which can be used for loan disbursement.

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, 2024	March 31, 2023
Net Profit after tax (A)	6,393.98	4,177.01
Net Profit after tax including finance cost in respect of CCPS (B)	6,393.99	4,177.02
Weighted average number of equity shares in calculating Basic EPS (C)	225.35	225.35
Add: Effect of dilution:		
Stock options granted under ESOP	1.39	1.19
Compulsory Convertible Preference shares	63.27	63.27
Weighted average number of equity shares in calculating Diluted EPS (D)	290.01	289.80
Basic EPS (A/C)	28.37	18.54
Diluted EPS (B/D)	22.05	14.41

39. Segment information

The Company operates in a single operating segment i.e. financing, which has similar risks and returns for the purpose of IndAS 108 on 'Operating Segment' 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, 2024	March 31, 2023
Type of services		
Sale of services (Note 28)	62.73	46.63
Total	62.73	46.63
Geographical markets		
India	62.73	46.63
Outside India	-	-
Total	62.73	46.63
Timing of revenue recognition		
Services transferred at a point in time	62.73	46.63
Services transferred over time	-	-
Total	62.73	46.63

Contract balances

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Receivable from customers under credit delivery arrangement* (Note 6)	351.95	77.87

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


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 & CEO Sujit S. Natekar - Director (Non Executive) Jagdish Bhoir (CFO upto July 06, 2022) Vivekanand Ramachandran (CFO w.e.f. September 09, 2022) (Resigned w.e.f February 02, 2024) Khwahish Rawal (CS upto June 21, 2023) Vallabh P Ghate (CS w.e.f. November 20, 2023)	Key Management Personnel (KMP)
Mr. Mohan Tanksale Mrs. Smita Sandhane (w.e.f. April 28, 2022) Mrs. Sandhya Vasudevan (w.e.f. December 06, 2022)	Independent Director
Manisha S. Pophale Priya A. Dharmadhikari Harsh S. Natekar (w.e.f. April 28, 2022) 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, 2024	March 31, 2023
<u>Key Managerial Personnel</u>		
1. Shilpa Shrikant Pophale		
Directors remuneration	144.70	144.70
Loan accepted	90.00	-
Loan repaid	1.58	0.04
Interest expense on ICD	3.78	0.01
Balance outstanding	92.31	0.12
2. Sujit S. Natekar		
Loan accepted	16.50	7.50
Loan repaid	3.25	96.35
Interest expense on ICD	0.73	3.34
Balance outstanding	15.42	1.44
3. Jagdish Bhoir		
- Salary & incentives	-	17.49
- Loan receivable	-	15.50
4. Vivekanand Ramachandran		
- Salary & incentives	97.89	64.54
5. Khwahish Rawal		
- Salary & incentives	5.51	12.48
6. Vallabh P Ghate		
- Salary & incentives	6.75	-
<u>Independent Director</u>		
1. Mr. Mohan Tanksale		
- Sitting Fees	4.00	4.00
2. Mrs. Smita Sandhane		
Sitting Fees	4.75	3.75
3. Mrs. Sandhya Vasudevan		
Sitting Fees	3.75	0.50
Reimbursement of expenses	0.40	0.09

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Nature of transaction/ Relationship/ Name of related parties	March 31, 2024	March 31, 2023
Relative of Key Management Personnel		
1. Manisha Shrikant Pophale		
Loan accepted	78.29	50.00
Loan repaid	3.21	68.06
Interest expense on ICD	3.82	3.35
Balance outstanding	84.29	5.39
2. Harsh S Natekar		
Salary	2.54	2.54
Loan accepted	-	65.00
Loan repaid	23.21	40.85
Interest expense on ICD	18.09	16.19
Balance outstanding	200.65	205.77
3. Mugdha Rahul Kaskhediker		
- Salary & incentives	11.70	11.70
Enterprises over which KMP & their relatives exercise significant influence		
1. Electronica Hitech Machine Tools Private Limited.		
ICD accepted	350.00	50.00
ICD repaid	350.00	310.00
Interest credit on ICD	19.97	5.12
Interest paid on ICD	19.97	5.44
ICD payable	0.00	0.00
ICD placed	-	100.00
Interest on ICD	-	0.40
Interest received	-	0.40
ICD repaid	-	100.00
2. Electronica Hitech Engineering Private Limited		
Business loan given	-	37.50
Interest charged	4.80	3.69
Repayment	-	7.09
Repayment of loan	13.64	-
Loans Outstanding	25.26	34.10
3. Sujit Sharad Natekar (HUF)		
Monthly Rent for Guest house	3.99	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.

42. 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, 2024	March 31, 2023
Opening Balance	678.63	412.06
Addition	1,148.99	615.29
Depreciation (Note 13)	388.15	287.34
Deletion	-	61.38
Adjustment	-	-
Closing Balance (Note 13)	1,439.47	678.63

Lease Liability Movement

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Opening Balance	784.30	435.59
Addition during the year	1,148.99	615.29
Interest on Lease Liability (Refer note 32)	120.92	74.53
Deletion during the year		65.16
Lease rental payments	474.88	275.99
Adjustment	6.29	0.04
Closing Balance (Note 19)	1,585.61	784.30

Future Undiscounted lease cash outflow for all leased assets as at March 31, 2024 :

(₹ in Lakhs)

Particulars	Not later than one year	Between one to five years	Later than five years
Lease cash outflow	546.28	1,337.66	59.39

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

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Operating lease payments recognized in the Statement of Profit & Loss	10.32	10.44

Amounts recognised in statement of profit or loss:

(₹ in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Depreciation expense of right-of-use assets (Note 13)	388.15	287.34
Interest expense on lease liabilities (Note 32)	120.92	74.53
Expense relating to short-term leases	10.32	10.44
Total amount recognised in profit or loss	519.39	372.31

43. Stock Option Scheme

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

The Board of Directors of the Company at its meeting held on January 3, 2018, approved grant 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 Board of Directors of the Company at its meeting held on May 28, 2019, approved grant of stock options aggregating to 1,35,116 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 Nomination and Remuneration Committee of the Company at its meeting held on August 24, 2020 approved grant of stock options aggregating to 1,18,713 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 Board of Directors of the Company at its meeting held on Nov 10, 2021, approved grant 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 Board of Directors of the Company at its meeting held on Aug 26, 2022, approved grant of stock options aggregating to 1,50,000 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 Nomination and Remuneration Committee of the Company at its meeting held on Sep 13, 2023, approved grant of stock options aggregating to 1,14,000 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. Under the scheme, grant has been made as of March 31, 2024, details of which, are given as under:

Particulars	March 31, 2024					
	September 26, 2023	August 26, 2022	November 10, 2021	August 24, 2020	May 28, 2019	January 25, 2018
Grant date						
Exercise price (Rs.)	Rs. 169.38 per option	Rs. 169.38 per option	Rs. 169.38 per option	Rs. 169.38 per option	Rs. 10 per option	Rs. 10 per option
Outstanding at the beginning of the year	-	1,03,000	3,072	54,000	88,020	46,194
Options granted	99,500	-	-	-	-	-
Options vested and exercisable	-	-	1,014	34,667	83,075	44,243
Options unvested	99,500	95,000	2,058	17,333		-
Options cancelled	-	8,000	-	2,000	4,945	1,951
Options outstanding	99,500	95,000	3,072	52,000	83,075	44,243

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Particulars	March 31, 2023				
	August 26, 2022	November 10, 2021	August 24, 2020	May 28, 2019	January 25, 2018
Grant date					
Exercise price (Rs.)	Rs. 169.38 per option	Rs. 169.38 per option	Rs. 169.38 per option	Rs. 10 per option	Rs. 10 per option
Outstanding at the beginning of the year	-	3,072	57,072	1,02,951	50,853
Options granted	1,08,000	-	4,000	2,786	1,503
Options vested and exercisable	-	-	17,820	58,093	46,194
Options unvested	1,03,000	3,072	36,180	29,927	-
Options cancelled	5,000	-	7,072	17,717	6,162
Options outstanding	1,03,000	3,072	54,000	88,020	46,194

Grant date	Exercise price (Rs./option)	Options granted	Options vested and exercisable	Options unvested	Options cancelled	Options outstanding
January 25, 2018	Rs. 10	77,727	44,243	-	33,484	44,243
May 28, 2019	Rs. 10	1,24,661	83,075	-	41,586	83,075
August 24, 2020	Rs. 169.38	66,072	34,667	17,333	14,072	52,000
November 10, 2021	Rs. 169.38	3,072	1,014	2,058	-	3,072
August 26, 2022	Rs. 169.38	1,08,000	-	95,000	13,000	95,000
September 26, 2023	Rs. 169.38	99,500	-	99,500	-	99,500

Weighted average fair value of stock options granted during the year is as follows:

Particulars	March 31, 2024	March 31, 2023
Grant date	September 26, 2023	August 26, 2022
Number of options granted	99,500	1,11,289
Weighted average fair value per share	205.46	57.90

Following table depicts range of exercise prices and weighted average remaining contractual life :

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	2,94,286	71.61	71.61	2.02
Granted during the year	99,500	169.38	169.38	4.00
Cancelled during the year	16,896	71.61	71.61	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	3,76,890	97.42	97.42	2.54
Exercisable at the end of the year	1,62,999	44.11	44.11	-

- 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	7.43%	4 Years	10.91%	1.09%	58.97
May 28, 2019	7.03%	4 Years	15.33%	1.09%	77.09
August 24, 2020	5.29%	4 Years	24.49%	0.27%	169.38
November 10, 2021	6.22%	4 Years	21.17%	0.72%	170.19
August 26, 2022	7.22%	4 Years	21.26%	0.60%	191.23
September 26, 2023	7.15%	4 Years	12.29%	0.40%	346.55

For the year ended March 31, 2024, the company has accounted expense of INR 91.76 lakhs to employee benefit expenses (Note no. 35) on the aforesaid employee stock option plan (Previous year INR 16.27 Lakhs). The balance in employee stock option outstanding account is INR 217.53 Lakhs as of March 31, 2024. (Previous Year INR 125.77 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:	7,15,621
b. Options granted under the scheme up to March 31, 2024	4,79,032
c. Options cancelled up to March 31, 2024 and added back to pool for future grants	1,02,142
d. Net ESOP Granted	3,76,890
e. Balance available under the scheme for future grants (e=a-b+c)	3,38,731

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, 2024	March 31, 2023
Defined benefit obligation as at the opening of the year	348.19	296.78
Current service cost	25.65	31.59
Interest on defined benefit obligation	21.44	13.15
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	1.09	(12.22)
Actuarial loss/(gain) arising from change in demographic assumptions	(8.96)	(0.51)
Actuarial loss/(gain) arising on account of experience changes	45.79	39.49
Benefits paid by employer	(33.08)	(20.09)
Benefits paid by fund	-	-
Liabilities assumed/(settled)	-	-
Defined benefit obligation as at the end of the year	400.12	348.19

Movement in plan assets :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Fair value of the asset as at the beginning of the year	217.19	210.14
Employers contributions	-	-
Interest on plan assets	15.72	11.52
Actuarial loss/(gain)	8.79	(4.47)
Remeasurements due to:		
Actual return on plan assets less interest on plan asset	-	-
Benefits paid	-	-
Assets acquired/(settled)	-	-
Fair value of plan asset as at the end of the year	241.70	217.19

Reconciliation of net liability/asset :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Net defined benefit liability/(asset) as at the beginning of the year	131.00	86.64
Expense charged to Statement of Profit and Loss	31.37	33.23
Amount recognised in other comprehensive income	29.13	31.23
Employer contributions/payments	(33.08)	(20.09)
Net defined benefit liability/(asset) as at the end of the year (Note 21)	158.42	131.00


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Expenses charged to the Statement of Profit and Loss :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Current service cost	25.65	31.59
Interest cost	5.71	1.64
Total	31.37	33.23

Remeasurement (gains)/losses in other comprehensive income:

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Opening amount recognised in other comprehensive income	(22.80)	(54.03)
Changes in financial assumptions	1.09	(12.22)
Changes in demographic assumptions	(8.96)	(0.51)
Experience adjustments	45.79	39.49
Actual return on plan assets less interest on plan assets	(8.79)	4.47
Adjustment to recognise the effect of asset ceiling	-	-
Closing amount recognised outside profit or loss in other comprehensive income	6.33	(22.80)

Amount recognised in Balance Sheet :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Present value of defined benefit obligation	400.12	348.19
Fair value of plan assets	241.70	217.19
Net funded obligation	158.42	131.00
Net defined benefit liability recognised in Balance Sheet (Note 21)	158.42	131.00

Actual Return on Plan Assets

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Interest Income on Plan Assets	15.72	11.52
Remeasurements on Plan Assets	8.79	(4.47)
	24.51	7.05

Key actuarial assumptions :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Economic Assumptions		
Discount rate (p.a.)	7.05%	7.24%
Salary escalation rate (p.a.)	10.00%	10.00%
Expected Rate of Returns on Assets	7.24%	7.24%
Rate of Future Salary increase	10.00%	10.00%
Demographic Assumptions		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 85.00% Non-Sales - 47.27%	Sales - 80.00% Non-Sales - 40.00%
Retirement age	55 years	55 years
Category of plan assets		
Insurer managed funds	100%	100%

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


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Sensitivity analysis for significant assumptions is as shown below :

(₹ in Lakhs)

Particulars	As at					
	March 31, 2024			March 31, 2023		
	Discount rate	Salary escalation rate	Withdrawal rate	Salary escalation rate	Discount rate	Withdrawal rate
Impact of increase in 100 bps on defined benefit obligation	(4.63)	6.20	(1.10)	(6.72)	8.19	(0.86)
Impact of decrease in 100 bps on defined benefit obligation	4.79	(6.10)	1.14	7.05	(7.95)	0.89

Projected plan cash flow :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Maturity Profile :		
Expected benefits for year 1	199.57	134.50
Expected benefits for year 2	88.98	82.19
Expected benefits for year 3	60.80	57.71
Expected benefits for year 4	18.76	62.77
Expected benefits for year 5	12.24	21.29
Expected benefits for year 6 and above	16.17	42.98

Expected contribution to fund in the next year:

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Expected contribution to fund in the next year	171.69	141.46

(B) Compensated absences

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Maturity Profile		
Present value of unfunded obligations (Note 21)	248.15	157.51
Expense recognised in the Statement of Profit and Loss	143.35	88.23
Discount rate (p.a.)	7.05%	7.25%
Salary escalation rate (p.a.)	10.00%	10.00%

Key actuarial assumptions :

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Economic Assumptions		
Discount rate (p.a.)	7.05%	7.25%
Salary escalation rate (p.a.)	10.00%	10.00%
Expected Rate of Returns on Assets	N.A.	N.A.
Demographic Assumptions		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 85.00% Non-Sales - 47.27%	Sales - 80.00% Non-Sales - 40.00%
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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, 2024 :

(₹ in Lakhs)

Particulars	Fair value measurement using				Total
	Date of valuation	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Investments	March 31, 2024	6.14	-	0.56	6.70

Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 2023 :

(₹ in Lakhs)

Particulars	Fair value measurement using				Total
	Date of valuation	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets					
Investments	March 31, 2023	4.92	-	0.56	5.48

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

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Opening balance	0.56	0.56
Acquisitions during the year	-	-
Disposals during the year	-	-
Fair value gains/losses recognised in profit or loss	-	-
Gains / (losses) recognised in other comprehensive income	-	-
Closing balance	0.56	0.56


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Fair value of financial instruments not measured at fair value as at March 31, 2024 :

(₹ 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	7,391.76	7,391.76	-	-	7,391.76
Bank balances other than cash and cash equivalents	6,890.79	6,890.79	-	-	6,890.79
Other receivables	351.95	-	-	351.95	351.95
Loans	2,39,777.67	-	-	2,39,777.67	2,39,777.67
Other financial assets	3,743.14	-	-	3,743.14	3,743.14
Financial Liabilities					
Other payables	867.71	-	-	867.71	867.71
Debt securities*	30,881.59	-	-	24,152.63	24,152.63
Borrowings (Other than debt securities)*	1,55,560.26	-	-	1,36,370.83	1,36,370.83
Subordinated liabilities*	9,484.81	-	-	6,692.83	6,692.83
Other financial liabilities	31,900.31	-	-	31,900.31	31,900.31

*Fair value as disclosed in Note 52

Fair value of financial instruments not measured at fair value as at March 31, 2023 :

(₹ in Lakhs)

Particulars	Fair value measurement using				
	Carrying value	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets					
Cash and cash equivalents	5,791.15	5,791.15	-	-	5,791.15
Bank balances other than cash and cash equivalents	8,367.12	8,367.12	-	-	8,367.12
Other receivables	77.87	-	-	77.87	77.87
Loans	196,013.27	-	-	196,013.27	196,013.27
Other financial assets	389.21	-	-	389.21	389.21
Financial Liabilities					
Other payables	518.50	-	-	518.50	518.50
Debt securities	12,995.65	-	-	11,348.12	11,348.12
Borrowings (Other than debt securities)	140,107.53	-	-	114,925.15	114,925.15
Subordinated liabilities	2,875.19	-	-	2,875.19	2,875.19
Other financial liabilities	27,214.79	-	-	27,214.79	27,214.79

*Fair value as disclosed in Note 52

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, 2024 and March 31, 2023.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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).

(i) Regulatory capital

(₹ in Lakhs)

Particulars	As At	
	March 31, 2024	March 31, 2023
Tier I capital	38,223.12	32,853.96
Tier II capital	10,358.01	4,521.01
Total	48,581.13	37,374.97
Risk weighted assets (RWA)	2,65,336.94	1,93,732.39
Tier I CRAR	14.41%	16.92%
Tier II CRAR	3.90%	2.33%

Note 1: CRAR as at March 31, 2024 & March 31, 2023 is on the basis of CRAR filed with RBI.

49. Details of CSR expenses:

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
a) Gross amount required to be spent by the Company during the year	62.09	51.13
b) Amount spent during the year on purposes other than construction/acquisition of any asset :	77.61	63.29
Amount Spent		
Yet to be spent / (excess spent)	(15.52)	(12.16)

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, 2024 and March 31, 2023.

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, 2024 and March 31, 2023.

50. As required under section 203 of the Companies Act, 2013, the Company is in the process of appointing a Chief Financial Officer in place of the then CFO. Mr. Vivekanand Ramachandran, who resigned from the position of Chief Financial Officer of the Company with effect from the closing hours of February 02, 2024.

51. Ratios:

Particulars	Numerator	Denominator	Ratio 31st March 2024	Ratio 31st March 2023	% of variance	Reasons for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	Total Capital Funds	Risk Weighted Assets	18.31%	19.25%	-4.88%	NA
Tier I CRAR	Net Owned Funds	Risk Weighted Assets	14.41%	16.92%	-14.86%	NA
Tier II CRAR	Deferred Revenue Expenditure +Deferred Tax+Intangible Asset	Risk Weighted Assets	3.90%	2.33%	67.67%	Tier II capital raised during the year


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

52. 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 and stress 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 metrics such as EMI default rate, overdue position, collection efficiency, 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 2023-24

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, 2024			March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Debt securities	10,073.45	33,513.35	43,586.81	8,199.90	6,039.51	14,239.42
Borrowings (Other than debt securities)	65,496.55	1,13,254.07	1,78,750.62	51,166.38	1,02,212.56	1,53,378.94
Subordinated liabilities	1,017.60	11,949.06	12,966.65	377.53	4,600.90	4,978.43
Other payables	867.71	-	867.71	518.50	-	518.50
Other financial liabilities	7,221.78	24,678.52	31,900.31	15,033.54	12,181.25	27,214.79
Financial Assets						
Loans	1,08,374.69	2,45,320.12	3,53,694.81	61,363.87	1,57,497.50	2,18,861.37
Cash and cash equivalents	7,391.76	-	7,391.76	5,791.15	-	5,791.15
Bank balances other than cash and cash equivalents	6,619.73	271.05	6,890.79	7,463.35	903.77	8,367.12
Investments	-	6.70	6.70	-	5.48	5.48
Other Receivable	351.95	-	351.95	77.87	-	77.87
Other financial assets	559.08	3,184.06	3,743.14	341.76	47.45	389.21


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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

(₹ in Lakhs)

Particulars	March 31, 2024			March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	7,391.76	-	7,391.76	5,791.15	-	5,791.15
Bank balances other than cash and cash equivalents	6,619.73	271.05	6,890.79	7,463.35	903.77	8,367.12
Receivables	-	-	-	-	-	-
Trade receivables	-	-	-	-	-	-
Other receivables	351.95	-	351.95	77.87	-	77.87
Loans	81,911.96	1,57,865.71	2,39,777.67	60,075.54	1,35,937.73	1,96,013.27
Investments	-	6.70	6.70	-	5.48	5.48
Other financial assets	559.08	3,184.06	3,743.14	341.76	47.45	389.21
Non financial assets						
Current tax assets	1,075.00	30.51	1,105.51	-	513.75	513.75
Deferred tax assets (Net)	-	-	-	-	842.47	842.47
Investment property	-	400.34	400.34	-	463.19	463.19
Property, plant and equipment	-	12,556.30	12,556.30	-	8,980.62	8,980.62
Intangible assets	-	272.77	272.77	-	250.73	250.73
Capital work in progress	-	99.05	99.05	-	99.05	99.05
Other non financial assets	1,027.28	-	1,027.28	933.39	-	933.39
Total Assets	98,936.76	1,74,686.50	2,73,623.26	74,683.06	1,48,044.24	2,22,727.30
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	867.71	-	867.71	518.50	-	518.50
Debt securities	8,818.92	22,062.68	30,881.59	5,742.95	7,252.70	12,995.65
Borrowings (Other than debt securities)	55,924.22	99,636.04	1,55,560.26	48,481.25	91,626.28	1,40,107.53
Subordinated liabilities	-	9,484.81	9,484.81	-	2,875.19	2,875.19
Other financial liabilities	7,221.78	24,678.52	31,900.31	15,033.54	12,181.25	27,214.79
Non financial liabilities						
Current tax liabilities	1,066.56	-	1,066.56	1,754.35	-	1,754.35
Deferred tax liabilities (net)	-	357.46	357.46	-	-	-
Provisions	284.75	154.41	439.16	144.98	248.57	393.55
Other non financial liabilities	227.04	-	227.04	493.31	-	493.31
Equity						
Equity share capital	-	3,518.83	3,518.83	-	3,518.83	3,518.83
Other equity	-	39,319.53	39,319.53	-	32,855.60	32,855.60
Total Equity & liabilities	74,410.97	1,99,212.28	2,73,623.25	72,168.88	1,50,558.42	2,22,727.30

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, 2024	6.70	6.76	6.63
March 31, 2023	5.48	5.53	5.43

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, 2024 :

(₹ in Lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
Loans	2,39,777.67	2,37,379.90	2,42,175.45
Investment properties	581.84	576.02	587.66
Debt securities	24,152.63	23,774.81	24,544.04
Borrowings (Other than debt securities)	1,36,370.83	1,34,580.52	1,38,216.87
Cash Collateral	22,398.86	22,622.85	22,174.87
Security deposit on Leased Assets	702.34	709.36	695.32
Subordinated liabilities	6,692.83	6,398.78	7,003.47

Sensitivity analysis as at March 31, 2023 :

(₹ in Lakhs)

Particulars	Fair value Ind AS	Sensitivity to fair value	
		1% increase	1% decrease
Loans	1,96,013.27	1,92,524.36	1,99,601.70
Investment properties	597.43	603.40	591.46
Debt securities	11,348.12	11,335.76	11,538.85
Borrowings (Other than debt securities)	1,14,925.15	1,12,380.70	1,15,741.04
Cash Collateral	16,818.39	13,157.62	13,456.20
Security deposit on Leased Assets	720.34	727.54	713.14
Subordinated liabilities	1,627.54	1,740.45	1,704.43

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 company assesses the risk of loss on realisation in case of Stage 3 loans based on the available collateral security, which can be plant & machinery, property, book debts, vehicles etc.

The Company assesses the credit quality of all financial instruments that are subject to credit risk. The computation of Probability of defaults has been derived based on overall behaviour of the portfolio.

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.


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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

Stage 3: Loans considered credit-impaired (as outlined in Note 39). The Company records an allowance as applicable for the Lifetime ECL.

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 than 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

Primary and Collateral Securities

The nature of lending products of the company are either secured or unsecured. Secured products are secured by hypothecation of primary security (for purchase of which the loan was granted) and/or it may be additionally secured by hypothecation of a collateral security for property loans, the company secures its charge on security by mortgage of property. 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 secure 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.

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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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 various categories of lending.

ECL sensitivity to future economic conditions

Expected credit loss impairment allowances recognised in the financial statements reflect the estimations used in computation of its input variables 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, 2024	March 31, 2023
Gross carrying amount of loans	2,43,480.42	1,99,055.06
Reported ECL	3,702.76	3,041.79
Reported ECL coverage	1.52%	1.53%
ECL amount for alternate situations		
Central scenario	3,702.76	3,041.79
Downside scenario (-5%)	3,887.90	3,193.88
Upside scenario (+5%)	3,517.62	2,889.70
ECL coverage ratios by scenarios		
Central scenario	1.52%	1.53%
Downside scenario (-5%)	1.60%	1.60%
Upside scenario (+5%)	1.44%	1.45%

53. Additional Regulatory Requirements

a. Loans and advances to promoters, Directors, Key Managerial Personnel and Related Parties:

As at March 31, 2024

(₹ in Lakhs)

Type of Borrower	Loan	Advance	Percentage of Loan to total loan	Percentage of advance to total advance
Promoters	-	-	-	-
Directors	-	-	-	-
Key Managerial Personnel	-	-	-	-
Related Parties	25.26	-	0.00%	-

As at March 31, 2023

(₹ in Lakhs)

Type of Borrower	Loan	Advance	Percentage of Loan to total loan	Percentage of advance to total advance
Promoters	-	-	-	-
Directors	-	-	-	-
Key Managerial Personnel	16.42	-	0%	-
Related Parties	34.10	-	0%	-

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, 2024 and March 31, 2023. 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 prescribed 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, 2024 and March 31, 2023

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).

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, 2024 and March 31, 2023.

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, 2024 and March 31, 2023.

h) Fraud Reporting

The Company has detected fraud in the nature of embezzlement of funds amounting to Rs 322.20 Lakh by an employee, who was working at the Head Office of the Company. The fraud was detected after reconciliation of the accounts and internal investigation by the Company when the perpetrator was on leave. The perpetrator embezzled the funds of the Company amounting to by making unauthorised payment for third parties not connected with the Company. The Company has lodged a FIR with the concerned police station in the matter and investigation is underway. The Company has made necessary intimations to the RBI and BSE in connection with the said matter. An amount of Rs.298.14 lakhs (net of Rs.24.06 lakhs recovered by the Company) has been fully provided for and shown as part of Other expenses.

l) Relationship with Struck off companies

Name of struck off Company	Nature of Transaction with struck off Company	Balance Outstanding as on 31st March 2024	Balance Outstanding as on 31st March 2023	Relation ship with struck off company
Everon Castings Private Limited	Loans and advances	-	12.67	Customer
Uv Exports Pvt Ltd	Loans and advances	-	8.26	Customer
Criss Financial Holdings Limited	Loans Repaid	-	2.68	Customer
Nelumbo Icona Controls Pvt Ltd	Loans and advances	-	0.53	Customer

j) The Company has working capital limits from banks on the basis of security of current assets and the quarterly returns filed by Company with the banks are in accordance with the unaudited books of accounts of the Company for the respective quarters, except for the following:

(₹ in Lakhs)

Quarter	As per Stock Statement	As per Books	Difference
Q1	4,40,561	4,37,981	2,580
Q2	3,68,904	3,68,905	(1)
Q3	3,42,930	3,42,930	-
Q4	3,03,377	3,03,377	-
Total	14,55,772	14,53,193	2,579

Difference is attributable mainly due to the reconciliation entries between final and provisional portfolio report. Stock statement were submitted prior to reconcillation of data.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

54. 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, 2024	March 31, 2023
(i)	CRAR (%)	18.31%	19.25%
(ii)	CRAR – Tier I Capital (%)	14.41%	16.92%
(iii)	CRAR – Tier II Capital (%)	3.90%	2.33%
(iv)	Amount of subordinated debt raised as Tier II Capital (Amount in Rs Lakhs)	6,553.92	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

b. Investments

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1)	Value of Investment		
(i)	Gross value of Investments	6.70	5.48
	(a) In India	6.70	5.48
	(b) Outside India	-	-
(ii)	Provision for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net Value of Investments	6.70	5.48
	(a) In India	6.70	5.48
	(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, 2024 (March 31, 2023: NIL).

d. Disclosures relating to Securitization

During the previous 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, 2024	March 31, 2023
1	Total number of loans securitized	-	118
2	Total book value of loans securitized	-	4,458.53
3	Total book value of loans securitised including loans placed as collateral	-	4,458.53
4	Sale consideration received for loans securitised	-	4,324.78
5	Excess interest spread recognised in the statement of profit and loss	-	-
6	Credit enhancements provided and outstanding (Gross):	-	-
	- Interest subordination	-	-
	- Principal subordination	-	133.76
	- Cash collateral	-	446.00

Position of outstanding balances is as under:

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1	No. of SPVs sponsored by the NBFC for securitization transaction #	1	2
2	Total amount of securitized assets as per books of the SPVs	1,679.50	3,924.62
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	580.55	933.29
	a) Off-balance sheet exposures	-	-
	* First Loss	-	-
	* Others	-	-
	b) On-balance sheet exposures	580.55	933.29
	* First Loss	580.55	933.29
	* 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, 2024	March 31, 2023
(i)	No. of accounts	6,314	801
(ii)	Aggregate value (net of provisions) of accounts sold	53,700.41	21,554.43
(iii)	Aggregate consideration	53,700.41	21,554.43
(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, 2024**

(₹ 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#	5,110.77	1,371.32	610.87	7,159.85	7,224.92	20,864.19	39,570.04	1,11,552.47	37,543.97	8,769.27	2,39,777.67
2	Deposits	-	-	-	-	-	-	-	-	-	-	-
3	Investments	-	-	-	-	-	-	-	-	-	6.70	6.70
4	Borrowings*	3,245.94	60.95	2,421.83	4,177.43	7,771.45	18,414.44	28,651.10	90,479.76	32,664.04	8,039.71	1,95,926.66

#net of cash collateral and security deposit taken from borrower

*includes cash credit facilities secured against hypothecation of book debts


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Maturity pattern of certain items of assets and liabilities as on March 31, 2023

(₹ 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#	3,139.22	1,634.65	515.26	5,157.12	5,138.45	15,300.03	29,190.81	87,697.84	40,941.79	7,298.10	1,96,013.27
2	Deposits	-	-	-	-	-	-	-	-	-	-	-
3	Investments	-	-	-	-	-	-	-	-	-	5.48	5.48
4	Borrowings*	1,207.26	255.76	5,040.64	3,397.46	6,258.39	10,713.79	27,350.90	76,148.29	21,522.28	4,083.60	1,55,978.37

#net of 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, 2024	March 31, 2023
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	51,637.59	43,757.44
	(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;	18,543.22	15,859.27
	(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, 2024	March 31, 2023
(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;	6.70	5.48
(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	6.70	5.48

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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:

During the year fines of Rs 1.43 lacs levied by BSE Limited for delay in compliances under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

No Penalties were imposed by RBI and other regulators during 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	March 12, 2024	IND A-/Stable	March 11, 2025	1,87,500.00
2	India Rating and Research Pvt. Ltd.	NCD	March 12, 2024	IND A-/Stable	March 11, 2025	34,000.00
3	ICRA Limited	NCD	September 21, 2023	[ICRA]A-(Stable)	September 20, 2024	3,375.00

p. Provisions and Contingencies

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1	Provision towards Stage 3 Assets (Note 7)	1,558.84	989.45
2	Provision made towards Income Tax	1,066.56	1,754.35
3	Provision for Stage 1 & Stage 2 Assets (Note 7)	2,143.92	2,052.34
4	Provision for leave benefits (Note 21)	248.15	157.51
5	Provision for gratuity (Note 21)	158.42	131.00

q. Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2024 (previous year: Nil).

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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
1	Concentration of Advances		
	Total advances to twenty largest borrowers	10,918.77	9,837.27
	(%) of advances to twenty largest borrowers to total advances	4.48%	4.94%
2	Concentration of Exposures		
	Total exposure to twenty largest borrowers/customers	10,918.77	9,837.27
	(%) of exposure to twenty largest borrowers/customers to total exposure	4.48%	4.94%
3	Concentration of Stage 3 Assets		
	Total exposure to top four Stage 3 accounts	382.87	342.28


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

s. Sector-wise Stage 3 Assets

(₹ in Lakhs)

Sr. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		March 31, 2024	March 31, 2023
1	Agriculture & allied activities	-	-
2	MSME	0.54%	1.30%
3	Corporate borrowers	0.06%	0.42%
4	Services	4.12%	-
5	Unsecured personal loans	-	-
6	Auto loans	10.01%	-
7	Other personal loans	0.18%	0.17%

t. Movement of Stage 3 Assets

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
(i)	Net Stage 3 Assets to Net Advances (%)	0.82%	0.59%
(ii)	Movement of Stage 3 Assets (Gross)		
	a. Opening balance	2,154.66	3,296.64
	b. Additions during the year	3,598.72	1,695.36
	c. Reductions during the year	(2,233.67)	(2,837.34)
	d. Closing balance	3,519.71	2,154.66
(iii)	Movement of Net Stage 3 Assets		
	a. Opening balance	1,165.21	1,660.09
	b. Additions during the year	1,670.99	728.25
	c. Reductions during the year	(875.34)	(1,223.13)
	d. Closing balance	1,960.87	1,165.21
(iv)	Movement of provisions for Stage 3 Assets (excluding provisions on Stage 1 & Stage 2 Assets)		
	a. Opening balance	989.45	1,636.55
	b. Provisions made during the year	1,927.73	967.11
	c. Write-off/write-back of excess provisions	(1,358.33)	(1,614.20)
	d. Closing balance	1,558.85	989.45

u. Disclosure of Complaints

Sr. No.	Particulars	March 31, 2024	March 31, 2023
(i)	No. of complaints pending at the beginning of the year	0	0
(ii)	No. of complaints received during the year	226	62
(iii)	No. of complaints redressed during the year	223	62
(iv)	No. of complaints pending at the end of the year	3	

* includes complaints received by the NBFC from Office of Ombudsman (RBI).

Till the previous year, the customer complaints received through RBI were reported. In current year, we have included the complaints directly received by the company and accordingly the previous year number has been suitably modified.

v. Outstanding of loans against security of gold as a percentage to total assets is Nil (March 31, 2023: Nil).


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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, 2023					
	a. No. of borrowers	15	2	-	-	17
	b. Amount outstanding	896.59	123.38	-	-	1,019.97
	c. Provision thereon	122.26	87.86	-	-	210.12
2	Fresh restructuring during the year					
	a. No. of borrowers	-	1	-	-	1
	b. Amount outstanding	-	59.73	-	-	59.73
	c. Provision thereon	-	2.99	-	-	2.99
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	(1.00)	1.00	-	-	-
	b. Amount outstanding	(0.53)	0.53	-	-	-
	c. Provision thereon	(0.35)	0.35	-	-	-
6	Write-offs/Recovery of restructured accounts during the FY					
	a. No. of borrowers	(7.00)				(7.00)
	b. Amount outstanding	(556.97)	-			(556.97)
	c. Provision thereon	(92.44)	-	-	-	(92.44)
7	Restructured Accounts as on March 31, 2024					
	a. No. of borrowers	7	4	-	-	11
	b. Amount outstanding	377.20	145.53	-	-	522.73
	c. Provision thereon	18.86	101.81	-	-	120.67


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

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)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
1	Performing Assets						
	Standard	Stage 1	2,38,188.24	1,825.19	2,36,363.06	952.75	872.44
		Stage 2	1,772.47	318.72	1,453.74	7.09	311.63
	Subtotal for Standard			2,143.91		959.84	1,184.07
2	Non- Performing Assets (NPA)						
	Substandard	Stage 3	2,420.83	1,112.37	1,308.46	242.08	870.29
	Doubtful - up to 1 year	Stage 3	933.78	382.48	551.30	186.76	195.72
	1 to 3 years	Stage 3	165.10	64.00	101.10	49.53	14.47
	More than 3 years	Stage 3	-	-	-	-	-
	Subtotal for doubtful		3,519.71	1,558.84	1,960.86	478.37	1,080.48
	Loss	Stage 3	-	-	-	-	-
	Subtotal for Loss						
	Other items						
	Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current	Stage 1	-	-	-	-	-
		Stage 2	-	-	-	-	-
		Stage 3	-	-	-	-	-
	Income Recognition, Asset Classification and Provisioning (IRACP) norms.						
	Subtotal						
		Stage 1	2,38,188.24	1,825.19	2,36,363.06	952.75	872.44
	Total	Stage 2	1,772.47	318.72	1,453.74	7.09	311.63
		Stage 3	3,519.71	1,558.84	1,960.86	478.37	1,080.48
		Total	2,43,480.43	3,702.75	2,39,777.66	1,438.22	2,264.55

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

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

(₹ in Lakhs)

Sr. No.	No. of Significant Counterparties	Amount	% of Total Liabilities
1	31	1,82,523.61	93.16%

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	Bank Of Maharashtra	17,130.95	8.74%
2	State Bank of India	15,810.71	8.07%
3	Federal Bank	13,474.14	6.88%
4	HDFC Bank	12,593.38	6.43%
5	Canara Bank	10,657.30	5.44%
6	Indian Bank	10,099.24	5.15%
7	The Catholic Syrian Bank	9,786.25	4.99%
8	Bank of Baroda	8,266.28	4.22%
9	Union Bank	7,168.17	3.66%
10	A K Capital Finance	7,046.14	3.60%
	Top 10 borrowings	1,12,032.56	57.18%

4) Funding Concentration based on Significant instrument / product

(₹ in Lakhs)

Sr. No.	Name of Instrument / Product	Amount	% of Total Liabilities
1	Term Loan	1,52,273.34	77.72%
2	Non -Convertible Debentures	7,458.05	3.81%
3	Bonds	6,394.26	3.26%
4	Borrowings towards Securitization	1,679.50	0.86%
5	Loan from Related Parties	389.14	0.20%
6	Cash Credit	1,218.28	0.62%

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	Loan from Related Parties	389.14	0.20%
2	Cash Credit	1,218.28	0.62%

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.

55. Disclosure as required by circular no RBI/2022-23/26-DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022

A. Exposures

1) Exposure to real estate sector

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
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 Exposure would also include non-fund based (NFB) limits.	51,637.59	43,757.44
	(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 (NFB) limits.	18,543.22	15,859.27
	(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 and Housing Finance Companies.	-	-
	Total Exposure to Real Estate Sector	70,180.81	59,616.71


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

2) Exposure to capital market

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2024	March 31, 2023
(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;	6.70	5.48
(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)	Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
	Financing to stockbrokers for margin trading	-	-
	All exposures to Alternative Investment Funds:		
	i) Category I	-	-
	ii) Category II	-	-
	iii) Category III	-	-
	Total exposure to capital market	6.70	5.48

3) Sectoral exposure

(₹ in Lakhs)

Sectors	March 31, 2024			March 31, 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	-	-	-	-	-	-
2. Industry						
2.1 Micro and Small	1,80,770	688	0.38%	1,57,826	902	0.57%
3. Services						
3.1 Other Services	76,699	2,128	2.77%	44,217	842	1.90%
4. Personal Loans	-	-	-	-	-	-
5. Auto Loans	7,037	704	10.01%	5,583	579	10.37%
6. Other Loans	19,359	30	0.15%	11,369	-	0.00%
Total of Personal Loans	2,83,865	3,550	1.25%	2,18,995	2,323	1.06%

4) Intra-group exposures

Sr. No.	Particulars	March 31, 2024	March 31, 2023
i)	Total amount of intra-group exposures	25.26	34.10
ii)	Total amount of top 20 intra-group exposures	25.26	34.10
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	Less than 1%	Less than 1%

5) Unhedged foreign currency exposure

As of balance sheet date, Company's unhedged foreign currency expressed is 31st March 2024 - NIL (31st March 2023 - NIL)

B) Related Party Disclosure

(₹ in Lakhs)

Particulars	Subsidiaries		Group Enterprises		Key Management	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Deposits	-	-	0.00	0.00	107.74	1.56
Advances	-	-	25.26	34.10	-	15.50
Interest paid	-	-	19.97	5.44	4.51	3.35
Interest received	-	-	4.80	4.09	-	-
Rent	-	-	3.99	3.30	-	-
Salary	-	-	-	-	254.85	239.21
Total	-	-	54.03	46.93	367.10	259.62

continued..

(₹ in Lakhs)

Particulars	Relatives of Key Management Personnel		Associates/ Joint ventures		Total	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Deposits	284.94	211.16	-	-	392.68	212.73
Advances	-	-	-	-	25.26	49.60
Interest paid	21.91	19.54	-	-	46.39	28.33
Interest received	-	-	-	-	4.80	4.09
Rent	-	-	-	-	3.99	3.30
Salary	14.24	14.24	-	-	269.09	253.44
Total	321.09	244.94	-	-	742.21	551.49

continued..

(₹ in Lakhs)

Particulars	Maximum amount outstanding during the year	
	March 31, 2024	March 31, 2023
Deposits	423.03	737.91
Advances	34.10	56.69
Interest paid	-	-
Interest received	-	-
Rent	-	-
Salary	-	-
Total		

C) Disclosure of complaints

Summary information on complaints received by the NBFCs from customers

Sr. No.	Particulars	March 31, 2024	March 31, 2023
	Complaints received by the NBFC from its customers		
1.	Number of complaints pending at beginning of the year	-	-
2.	Number of complaints received during the year	205	42
3.	Number of complaints disposed during the year	203	42
3.1	Of which, number of complaints rejected by the NBFC	-	-
4.	Number of complaints pending at the end of the year	2	-
	Number of maintainable complaints received by the NBFC from Office of Ombudsman (RBI)	21	20
1.	Number of complaints resolved in favour of the NBFC by Office of Ombudsman	3	9
2.	Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	17	11
3.	Number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
4.	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-
5.	Number of complaints pending at the end of the year	1	-


NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2024

Top five grounds of complaints received by the NBFCs from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
Current Year					
Loans & Advances	-	59	157%	1	-
Bureau Updation	-	20	67%	-	-
Foreclosure	-	23	229%	-	-
Charges	-	24	0%	-	-
Others	-	79	0%	1	-
Total	-	205	388%	2	-
Previous Year					
Loans & Advances	-	23	0%	-	-
Bureau Updation	-	12	0%	-	-
Foreclosure	-	7	0%	-	-
Total	-	42		-	-

D) Divergence in Asset Classification and Provisioning

Below two conditions are not satisfied hence the details of diversions are not required to be disclosed:

- No additional provisions have been assessed by RBI exceeding 5 percent of the reported profits before tax and impairment loss on financial instruments for the year ended 31 March 2024 and 31 March 2023.
- RBI has not identified additional Gross NPAs exceeding 5 percent of reported Gross NPAs for the year ended 31 March 2024 and 31 March 2023.

56. Company had implemented a new ERP package during the earlier years and there continue to be customizations / enhancement to the ERP package based on requirements of the Company. The issues pertaining to migration of data are largely identified and resolved, and in respect of certain transactions balances have been maintained in the books of accounts on the basis of alternate evidence / information as available with the management.

57. 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: Pune
Date: May 29, 2024

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

Ms. Shilpa Pophale
Managing Director & CEO
DIN: 00182457

Mr. Sujit Natekar
Director
DIN: 00182517

Mr. Vallabh Ghate
Company Secretary
MNo. A41587

Place: Pune
Date: May 29, 2024



Electronica Finance Limited

ELECTRONICA FINANCE LIMITED

Audumber, 101/1, Erandwane, Dr. Ketkar Road, Pune - 411004,
Maharashtra, India, Ph. No. 020 6729 0700
CIN: U74110PN1990PLC057017