



EXPANDING BEYOND HORIZONS



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

- |                              |                                                 |
|------------------------------|-------------------------------------------------|
| 1. Ms. Shilpa Pophale        | Managing Director                               |
| 2. Mr. Sujit Natekar         | Director                                        |
| 3. Mr. Mohan Vasant Tanksale | Independent Director                            |
| 4. Mr. Ameya Gurunath Bijoor | Nominee Director                                |
| 5. Mrs. Smita Sandhane       | Independent Director (w.e.f 28th April, 2022)   |
| 6. Ms. Sandhya Vasudevan     | Independent Director (w.e.f 6th December, 2022) |

Chief Financial Officer	Mr. Jagdish Bhoir (Till 6th July, 2022) Mr. Vivekanand Ramachandran (w.e.f 9th September, 2022)
Company Secretary	Ms. Khwahish Rawal

### STATUTORY AUDITORS

#### For Mukund M Chitale & Co, Chartered Accountants

2<sup>nd</sup> Floor Kapur House Paranjape B Scheme, Vile Parle-East  
Mumbai- 400057, India

### OUR FINANCERS

- |                                 |                                                   |
|---------------------------------|---------------------------------------------------|
| ▶ State Bank of India           | ▶ Canara Bank                                     |
| ▶ Bank of Maharashtra           | ▶ Indian Overseas Bank                            |
| ▶ Bank of Baroda                | ▶ Bank of India                                   |
| ▶ IDBI Bank                     | ▶ Punjab National Bank                            |
| ▶ UCO Bank                      | ▶ ICICI Bank                                      |
| ▶ SIDBI                         | ▶ Federal Bank Limited                            |
| ▶ HDFC Bank                     | ▶ SBM Bank                                        |
| ▶ CSB Bank                      | ▶ Bandhan Bank                                    |
| ▶ Maharashtra Gramin Bank       | ▶ Bajaj Finance Ltd                               |
| ▶ AU Small Finance Bank         | ▶ Nabkisan Finance (NABARD)                       |
| ▶ South Indian Bank             | ▶ ResponsAbility- Global Climate Partnership Fund |
| ▶ Tata Capital Finance Services | ▶ Aditya Birla Finance Ltd                        |
| ▶ Nabsamruddhi Finance (NABARD) | ▶ Utkarsh Small Finance Bank Ltd                  |
| ▶ Symbiotics - AAV SABL         | ▶ Karur Vysya Bank Ltd                            |
| ▶ Indian Bank                   | ▶ IDFC First Bank Ltd                             |
| ▶ Union Bank                    |                                                   |

### REGISTERED OFFICE ADDRESS

#### Electronica Finance Limited

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

**Email :** secretarial@efl.co.in | **www.efl.co.in** | **(O) :** +91 – 020- 67290700

**Corporate Identification Number :** U74110PN1990PLC057017

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## LETTER FROM THE MANAGING DIRECTOR & CEO

**Dear Shareholders,**

With the “once in a century” pandemic behind us, most of the world heaved a sigh of relief. However, the past few years and especially the 2nd decade of the 21st century has taught us that the world is becoming more uncertain. This was evidenced by the sudden invasion of Ukraine which threw the world, its people, its politics and most importantly the economies in turmoil. The start of FY23 hence began on a slightly ominous note.

Given that the pandemic had taught us to become resilient and prepare for worst case scenarios, to take this geo political shock in our stride was something your company could do. Hence we picked up from where we had left in FY22. While we had accelerated our progress & growth in the earlier year, your company literally took off in FY23.

I am glad to share some of the key achievements and lot of firsts that your company achieved in the year gone by:

- Highest disbursement ever in a FY amounting to Rs.1853 crores
- All round growth across various business verticals
- Growth of 43% in AUM
- Growth in PBT & PAT of 31% and 45% respectively
- Best in class GNPA of 1.08%
- Best ever NNPA at 0.59%
- Provision Coverage Ratio at 46%
- Efficient treasury management and relationship with leading PSU and private banks
- Continued expansion in branches, added 65+ branches
- People strength at all-time high of 1661
- Channel Partner network grows to more than 2200+

To maintain such a blistering pace of growth, any organization needs to put in place the right support system in terms of processes and systems. Additionally, for a lending organization, risk and compliance also plays a crucial role in ensuring the growth is stable. Your company has always given the highest priority to both these aspects.

We had identified technology as a strategic initiative for the company and had drawn up ambitious plans for transforming the technology landscape. The basic work for this was done in FY22. The next phase of that transformation was implemented in FY23. We did face issues in the implementation because of which there were a few challenges in customer service and back end operations. However, by the end of the financial year, your company had stabilized the entire tech platform with all the key modules in place and being used extensively. Our credit and operational processes have been robust over the last so many years. However we further strengthened them considering the increase in business, number of new customers and granularity of the business. Preliminary work was undertaken to explore how we can now use digital tools to further enhance them so that we mitigate credit and operational risk better. A blue print was prepared towards development of a customer app which will enable smooth onboarding of customers and seamless sanction and disbursement of loans. You will be glad to know that we have gone live with the first phase of the app recently.

Your company had reimagined its vision in the last year to reflect some of the changes it has been through. The vision captures the environmental & social (E&S) impact our business operations has as well as the ability it has to transform lives. Your company took sustained efforts to cascade the vision to all relevant stakeholders through a combination of events, internal communication and visual media.

Our business operations by virtue of the energy efficient machine financing, solar financing and financial inclusion lending contributes to sustainable development goals. While we have adequate frameworks and processes for E&S, it was decided that the company will focus on capturing data towards this. It will not only help us understand our impact on sustainability but also share it with external stakeholders. This will be an important initiative on which your company will continue to focus in future.

For any financial services company in lending business, one of the most important ingredient is capital. It provides the fuel for growth, stability and is also an indicator to the outside world about the robustness of the organization. With the fast pace of growth of the last 2 financial years and an ambitious growth plan, the need for an equity capital raise was felt. We are confident that by Q3 of FY24, your company will complete the capital raise program as per plan.

Your company also strengthened its senior leadership team in the back office functions as well as in the finance & compliance teams especially with the addition of the CFO and Chief Operations Officer. We intend to further strengthen the leadership in technology, HR and other key functions.



## LETTER FROM THE MANAGING DIRECTOR & CEO

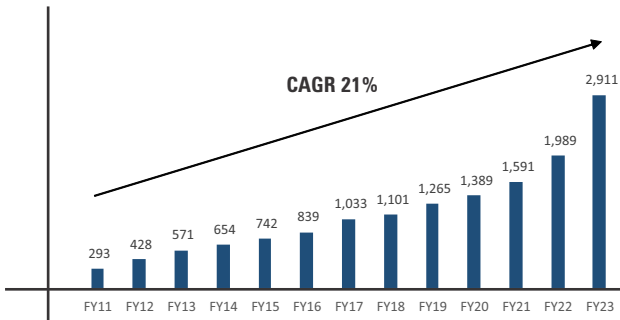
Your company is uniquely positioned to continue on the growth trajectory of the last few years. This is by virtue of its vintage & expertise, the trust that most stakeholders have, our customer centricity and our clear strategy. We will build on this to achieve the following in FY24:

- Grow at similar pace in terms of disbursements, AUM, profitability
- Robust capital adequacy
- Best in class asset quality
- Collections focus
- Digital & automation tools to improve productivity & efficiency
- Adding talent along with continued focus on learning & development
- Geo expansion
- Build sufficient guard rails from a risk & compliance perspective
- Enhance brand EFL through various marketing and communication programs
- Significant contributor to sustainability goals

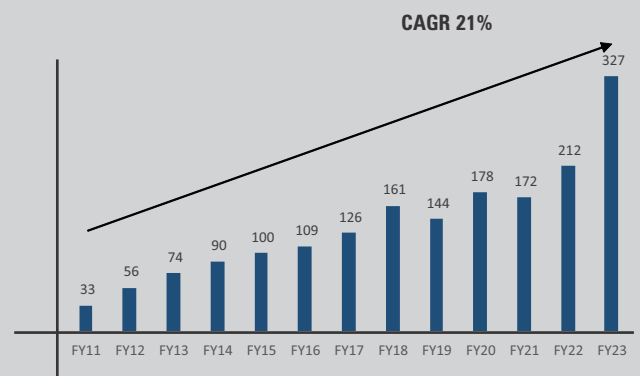
I wish to thank all our stakeholders (customers, employees, investors, banking partners, growth partners, and shareholders) for their continuous support, commitment, and engagement. With this support I am confident that your company can keep creating long term value for all its stakeholders.

**Shilpa Pophale**  
**Managing Director & CEO**

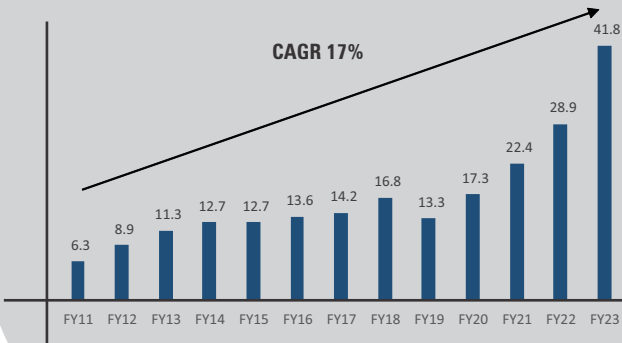
**AUM**  
(₹ in crores)



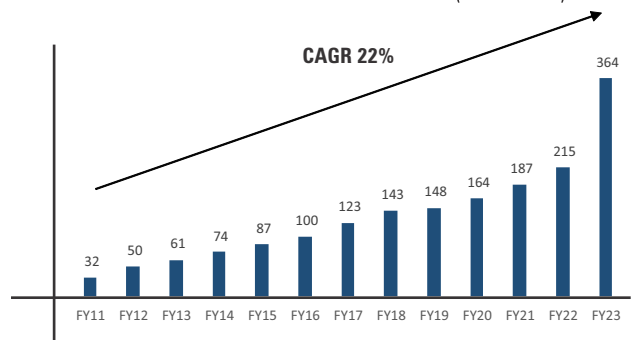
**INCOME**  
(₹ in crores)



**PAT**  
(₹ in crores)



**NETWORTH**  
(₹ in crores)



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**VISION**

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

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**TO THE MEMBERS OF  
ELECTRONICA FINANCE LIMITED**

The Directors have pleasure in presenting the 33rd Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2023.

**➤ FINANCIAL RESULTS AND HIGHLIGHTS:**
**• FINANCIAL SUMMARY**

The summary of the Company's financial performance as on March 31, 2023 as compared to the financial year ended March 31, 2022 is given below:

(Rs. in Lakh)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022	Change in %
Revenue from Operation	31,609.27	21,377.56	47.86
Other Income	1,121.75	602.72	86.11
<b>Total Revenue</b>	<b>32,731.02</b>	<b>21,980.28</b>	<b>47.91</b>
Total Expenses	27,121.18	18,094.26	49.88
<b>Profit before tax</b>	<b>5,609.84</b>	<b>3,886.02</b>	<b>44.35</b>
Total tax expenses	1,432.83	993.29	44.25
<b>Profit after tax</b>	<b>4,177.01</b>	<b>2,892.73</b>	<b>44.39</b>
Other comprehensive income/ (loss) for the year (net of tax)	(23.37)	23.37	-
<b>Total Comprehensive Income (Net of Tax)</b>	<b>4,153.64</b>	<b>2,916.10</b>	<b>42.43</b>
Surplus at the beginning of the accounting period	12,428.98	10,216.00	-
<b>Appropriations</b>			
Transfer to Statutory Reserve	835.40	578.55	-
Dividend and related distribution tax	0.00	124.57	-
<b>Balance carried forward</b>	<b>15,747.22</b>	<b>12,428.98</b>	-

**• HIGHLIGHTS OF FINANCIAL PERFORMANCE**

The Company remains focussed on lending to Micro, Small and Medium Enterprises (MSMEs). During the year under review, the total loan assets under management of the Company grew from Rs.1,98,940 lakh to Rs. 2,91,079 lakh reflecting a 46% growth. The Company had earned a total income of Rs. 32,731.02 lakh, as compared to Rs. 21,980.28 lakh in the previous financial year ended March 31, 2022. The net profit of the Company for the aforesaid reporting period stood at Rs. 4,177.01 lakh as compared to Rs. 2,892.73 lakh for the previous financial year ended March 31, 2022. 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.

The Company managed its asset quality very well with Gross NPA reducing to 1.08% and the Net NPA reducing to 0.59%.

**• APPROPRIATIONS**

According to the provisions of section 45-IC of the RBI Act, 1934, the Company transferred an amount of Rs. 835.40 lakh to Statutory Reserves constituting 20% of the profits made during the year financial year ended March 31, 2023.

**• DIVIDEND**

In order to conserve its resources, the Board of the Company did not recommend any dividend on equity shares for the year under review. On the Compulsory Convertible Preference Shares, a dividend of Rs. 1,068/- Was paid during the year.

**• BORROWING & CAPITAL ADEQUACY RATIO**

As on March 31,2023, the Company had a total outstanding borrowings of Rs. 1,55,978 lakh with secured borrowings constituting Rs. 1,47,082 lakh.

## DIRECTOR'S REPORT

No interest payment or principal repayment of the term loans was due and unpaid as on March 31, 2023.

The Company's total Capital Adequacy Ratio (CAR) as at March 31, 2023 stood at 19.25% as against 21.93% as on March 31, 2022.

### ➤ OPERATIONAL HIGHLIGHTS

- Customer base more than doubles to 30000+
- During the year, 63 Branches were opened
- As at March 31, 2023, the Company had presence in 15 states and 2 union territories
- AUM increased to Rs. 2,91,079 lakh as at March 31, 2023 from Rs. 1,98,940 as at March 31, 2022
- Employee count increased to 1661 as at March 31, 2023 from 991 as at March 31, 2022

### ➤ 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

### ➤ 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, 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.

### ➤ FUTURE OUTLOOK

Financial year 2022-23 began on a mixed note. On the positive side, the impact of the pandemic had receded almost completely. On the flip side, there remained the continuing geo-politics due to Russia-Ukraine conflict and the impact of reversal of easy liquidity in both developed and emerging economies. Interest rates have been on an upward spiral with the RBI having hiked the repo rates by 250 bps over the past year. RBI's concerns on inflation remain strong as rising international crude prices coupled with domestic weather conditions like excessive heat and unseasonal rains kept food prices high, fuelling retail inflation.

GDP growth trends though have been encouraging. The quarterly trend of GDP growth in FY2022-23 pegs the year-on-year growth of 5.1% in Q4 FY2022-23, 4.4% in Q3 FY2022-23, 6.3% in Q2 FY2022-23 and 13.2% in Q1 FY2022-23. Government led capital expenditure has continued to be an important driver of the economy. The GDP growth projection for FY 2023-24 is 6.5%.

The Government of India announced a growth oriented and expansionary budget for the FY2023-24 striking a balance between fiscal consolidation and growth by continuing its focus on capital expenditure and creating fiscal space for that by curtailing revenue expenditure. The Government has budgeted for Rs. 10 trillion towards capital expenditure for FY2023-24, an increase of 33% year-on-year.

The projected numbers for GDP growth remain in the range of 5.9-6.5% by most agencies including the Government and RBI which is higher than that of any major economy in the world. The Government's thrust to drive capital expenditure programmes, schemes such as PLI and PM Gati Shakti, robust private expenditure and strong corporate balance sheets and in general a strong sense of optimism can ensure the GDP growth for FY 2023-24 will be in excess of 6%.

NBFCs have become important constituents of India's financial sector and have been recording higher credit growth than scheduled commercial banks (SCBs) over the past few years. NBFCs continue to leverage their superior understanding of regional dynamics and customised products and services to expedite financial inclusion in India.

The growing importance of NBFCs is reflected in the consistent rise of their credit as a proportion to GDP as well as in relation to credit extended by SCBs to the NBFC sector.

Given the increasing importance of NBFCs, the RBI, in the last few years, has increased its regulatory oversight over the sector. Multiple guidelines such as (i) vigil over asset-liability management practices, (ii) maintaining liquidity ratios, (iii) increased reporting requirements, and (iv) scale-based regulation, have led to NBFCs adopting practices in line with banks. The regulatory vigil is based on four key cornerstones of: (i) responsible financial innovation, (ii) accountable conduct, (iii) responsible governance, and (iv) centrality of the customer.

NBFC's have also been focussing on improving capitalisation and liquidity making them more resilient to face any crisis events. The strong regulatory landscape for NBFC's coupled with their strong balance sheet can ensure that NBFCs can grow confidently and continue to provide last mile connectivity. Larger NBFCs and Banks have with support of regulatory guidelines institutionalised the co-lending framework, ultimately benefiting the end-customer on both customer servicing and cost of borrowing. Going forward, we could see extensive collaborations across themes such as geography, product, service delivery becoming a dominant feature in the NBFC sector.

For FY 2023-24, the interest rates are likely to remain elevated affecting the borrowing cost of NBFC's. RBI while withdrawing the accommodative stance on liquidity has committed to providing adequate liquidity to support the GDP growth.

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

There were no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this report.

➤ **SUSTAINABILITY INITIATIVES:**

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

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

- Expansion of the Emerging Enterprise Loans business – Your company had in 2019 diversified into retail MSMEs lending by launching the emerging enterprises business in Gujarat. Over the past year, the business has been expanded to 3 states adding Rajasthan and Madhya Pradesh with a presence in 128 locations, a large part of it in the rural belt. The businesses which the EEL loans supports are all plugged into the local eco system thus providing self-sufficiency and sustainable development. Pertinent to note is that almost 50% of such borrowers are first time borrowers and hence your company plays an important role in getting them into the organized credit system.
- Rapid growth in rooftop solar finance – Your Company grew its solar finance business by more than 100% in FY2022-23 thereby cumulatively supporting installation of around 23 MW of solar capacity thereby resulting in reducing carbon emissions by around ~38,000 tons.

EFL continues to be guided by its ESG policy.

➤ **SHARES - 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**

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

➤ **AUDITORS**

**Statutory Auditors**

Pursuant to the provisions of section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and in line with the RBI requirements, the Members at their Thirty First Annual General Meeting held on 30th September, 2021 had appointed M/s Mukund M Chitale & Co., Chartered Accountants (Firm Registration No.106655W) as a Statutory Auditors of the Company for a term of three years i.e., till the conclusion of the Thirty Fourth AGM.

## DIRECTOR'S REPORT

### Internal Auditors

Your Company, during the year under review, appointed M/s Unicus Risk Advisors LLP, Chartered Accountants to act as the Internal Auditors of the Company for the FY 2022-23, pursuant to section 138 of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014.

### Secretarial Auditors

Your Company, during the year under review, appointed M/s Mehta & Mehta, Company Secretaries as the Secretarial Auditor of the Company for the FY 2022-23, pursuant to Section 204 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## ➤ AUDITORS REPORT

### Statutory Auditors Report

The audit report by M/s Mukund M. Chitale & Co., Chartered Accountants, for FY 2022-23 is unmodified, i.e., it does not contain any qualification, reservation or adverse remark or disclaimer. The said Auditors' Reports for the Financial Year ended March 31, 2023, on the Financial Statements of the Company forms part of this Annual Report.

### Secretarial Auditors Report

The Report of Secretarial Audit is annexed as in Annexure A. It does not contain any qualification, reservation or adverse remark or disclaimer.

## ➤ CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is attached and forms part of the Board's Report.

## ➤ OTHER STATUTORY DISCLOSURES:

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in Annexure B and is attached to this report.

### DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has developed and implemented a detailed Corporate Social Responsibility policy. The policy together with a detailed report on CSR activities undertaken by the Company is furnished in **Annexure C** and attached to this report.

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

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, 2023.

### PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

All contracts/arrangement/transactions entered by the Company during FY2022-23 with related parties were in compliance with the applicable provisions of the Act and SEBI Listing Regulations. Prior omnibus approval of the Audit Committee is obtained for all related party transactions which are foreseen and of repetitive nature. Pursuant to the said omnibus approval, details of transaction entered into is also reviewed by the Audit Committee on a quarterly basis.

All contracts/ arrangements/ transactions entered into by the Company during the financial year with the Related Parties are at arm's length basis and in the ordinary course of business.

A Statement containing the details of material contracts or arrangements or transactions with Related Parties on an arm's length basis with respect to transactions as required under Section 188(1) of the Act, in the prescribed Form No. AOC-2, is attached as **Annexure D**.

Further, details of Related Party Transactions as required to be disclosed by Ind AS- 24 on "Related Party Disclosures" specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, are given in the Note 41 to the Financial Statements.

### **CORPORATE GOVERNANCE REPORT**

A report on Corporate Governance is attached and forms part of the Board's Report.

### **SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES:**

As on March 31, 2023, the Company does not have any subsidiaries, joint ventures, or associate companies.

### **SECRETARIAL STANDARD**

The Company complies with all applicable Secretarial Standard issued by The Institute of Company Secretaries of India.

### **MEETINGS OF THE BOARD**

Five (5) meetings of the Board were held during FY2022-23. Details of the meetings and attendance thereat forms part of the 'Corporate Governance Report'.

### **DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility statement: -

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a Going Concern basis;
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- (f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **DECLARATION FROM INDEPENDENT DIRECTORS**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated under Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

### **PERFORMANCE EVALUATION**

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

The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and Non-Executive Directors. Also, the Nomination and Remuneration Committee has carried out evaluation of every director's performance and reviewed the self-evaluation submitted by the respective directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/ Committee processes. The Board considered and discussed the inputs received from the Directors.

Further, the Independent Directors met separately, without the attendance of Non-Independent Directors and the members of the management and inter alia reviewed the performance of Non-Independent Directors, Board as a whole; and performance of the Chairman. They further assessed the quality, quantity and timeliness of flow of

## DIRECTOR'S REPORT

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.

### ➤ MANAGEMENT OF THE COMPANY

#### Directors

The composition of the Board is in accordance with the provisions of the Act. As on March 31, 2023, following are the directors on the Board of the Company:

Sr. No.	Director's name	Designation
1	Ms. Shilpa Pophale	Managing Director & CEO
2	Mr. Sujit Natekar	Non-Executive Director
3	Mr. Ameya Bijoor	Non-Executive Director (Nominee Director)
4	Mr. Mohan Tanksale	Independent Director
5	Ms. Smita Sandhane*	Independent Director
6	Ms. Sandhya Vasudevan**	Independent Director

\*appointed as a director w.e.f. 28th April, 2022

\*\*appointed as a director w.e.f. 6th December, 2022

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

During the year under review, the directors of the Company have complied with the Fit & Proper criteria set out in the RBI guidelines on Corporate Governance.

None of the directors of the Company are disqualified as per the provisions of section 164(2) of the Act. The directors of the Company have made necessary disclosures, as required under various provisions of the Act.

#### Key Managerial Personnel (KMP)

During the year under review, following changes were recorded form KMPs:

- a) Mr. Jagdish Bhoir, Chief Financial Officer of the Company has resigned from said post with effect from July 6, 2022. The Company had appointed Mr. Vivekanand Ramachandran as a Chief Financial Officer of the Company with effect from September 9, 2022.

As on March 31, 2023, the Company had the following KMPs:

Sr. No	Name of KMP	Designation
1	Ms. Shilpa Pophale	Managing Director & Chief Executive Officer
2	Mr. Vivekanand Ramachandran	Chief Financial Officer
3	Ms. Khwahish Rawal *	Company Secretary

\*Ms. Khwahish Rawal has resigned from the post of Company Secretary w.e.f. June 21, 2023

#### POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in Annexure E and is attached to this report.

#### VIGIL MECHANISM

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

This vigil mechanism of the Company is overseen by the Audit Committee and provides adequate safeguard against victimization of employees and also provides direct access to the Chairman of the Audit Committee in exceptional



circumstances. During the year under review no such complaints have been received by the Company. No person has been denied access to the Audit Committee in this regard.

### **PARTICULARS OF EMPLOYEES**

A Statement giving the details required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended 31st March, 2023, is attached as **Annexure F**.

The details required under Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, for the year ended 31st March, 2023, are provided in a separate annexure forming part of this Report. In terms of the first proviso to Section 136 of the Act, the Report and the Accounts are being sent to the Members, excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary, at the Registered Office of the Company. None of the employees listed in the said Annexure is related to any Director of the Company.

### **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**

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

Pursuant to the provisions of the Companies Act, 2013, no fraud was reported by auditors of the Company to the Audit Committee during FY 2022-23.

### **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

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

### **PUBLIC DEPOSITS**

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

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

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

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

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

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

### **HUMAN RESOURCES**

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

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

## **DIRECTOR'S REPORT**

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

As on 31st March, 2023, your Company had 1661 employees as compared to 991 as on 31st March, 2022.

### **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/financials/](https://www.electronicafinance.com/financials/)\_\_.

### **DETAILS OF APPLICATION MADE FOR OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE, 2016:**

As per the recent notification G.S.R. 205 (E). Dated 24th March, 2021 by Ministry of Corporate Affairs (MCA) during the year under review, there were no applications made or proceeding pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016. The said disclosure is mandatory with effect from 01st April, 2021 pursuant to Rule 8(5)(xi) of Companies (Accounts) Rules, 2014.

### **DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANK AND FINANCIAL INSTITUTIONS:**

As per the recent notification G.S.R. 205 (E). Dated 24th March, 2021 by Ministry of Corporate Affairs (MCA) during the year under review, there has been no one time settlement and valuation of loan taken from banks and financial institutions. The said disclosure is mandatory with effect from 01st April, 2021 pursuant to Rule 8(5) (xii) Companies (Accounts) Rules, 2014.

### **ACKNOWLEDGEMENTS:**

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

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

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

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

**SUJIT NATEKAR**  
**DIRECTOR**  
**DIN: 00182517**

**Date: September 13, 2023**

**Place: Pune**

**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
 The Members,  
**Electronica Finance Limited,**  
 101/1, Erandwane, Audumbar  
 Dr Ketkar Road, Pune – 411004

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Electronica Finance Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, 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, 2023 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) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: (During the year under review, Foreign Direct Investment and Overseas Direct Investment are not applicable to the Company.)
- (iv) Reserve Bank of India Act, 1934;
- (v) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016;
- (vi) Master Direction - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;
- (vii) Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016;
- (viii) Master Direction - Monitoring of Frauds in NBFCS (Reserve Bank) Directions, 2016;
- (ix) Master Circular - Non-Banking Financial Companies – Corporate Governance (Reserve Bank) directions, 2016.

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 observation:

1. All E-Forms have been generally filed within the prescribed due date under the Companies Act, 2013, except a few delays;
2. Signed minutes of Board Meetings, Committee Meetings and Independent directors meeting are not circulated to the directors;
3. Annexures of Board Report signed by only one director;

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company had the following specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

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

Sr. No.	Date	Type of Meeting	Amount (Rs.)
1	September 30, 2022	Annual General Meeting	300 crore

- b. The Board of Directors and the Company has approved and declared dividend in the Board Meeting and Annual General Meeting held on May 27, 2022 and September 30, 2022 respectively on Compulsorily Convertible Preference Shares (CCPs) at the rate 0.001% per share.
- c. The Board of Directors has approved granting of stock options upto 1,50,000 at Rs. 169.38/- each under the "Electronica Finance Employee Stock Option Plan 2017.

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

**Ashwini Inamdar**

**Partner**

**PCS No: F 9409**

**Place: Mumbai**

**UDIN: F009409E000997726**

**CP No: 11226**

**Date: 13/09/2023**

**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, Erandwane, Audumbar

Dr Ketkar Road, Pune – 411004

Our report of even date is to be read along with this letter.

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

**For Mehta & Mehta,**

**Company Secretaries**

**(ICSI Unique Code P1996MH007500)**

**Ashwini Inamdar**

**Partner**

**PCS No: F 9409**

**Place: Mumbai**

**UDIN: F009409E000997726**

**CP No: 11226**

**Date: 13/09/2023**

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

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

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

- Usage of Solar power & LED Lights compared to conventional CFL Bulbs has effectively lowered our electricity consumption.
- Minimal use of Air Conditioning with reliance on natural air flow and other aspects of the green building being leveraged to ensure comfortable temperatures in the office
- Daylight and quality views addressed with façade design
- Overall the structure and design has contributed to Portable water savings, Energy Savings & Clean Energy Offset
- We also have a Solar PV Rooftop Plant at the entire roof area to offset our energy consumption to the best possible extent.

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

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

#### **Technology absorption:**

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

#### **Foreign Exchange Earnings & Outgo**

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

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

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

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

**Date: 13th September, 2023**

**Place: Pune**

## 1. A BRIEF OUTLINE ON CSR POLICY OF THE COMPANY

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

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

EFL is focused on CSR initiatives for a very long time. The CSR policy is developed with the idea of taking up projects to benefit society and impacting areas in which the Company operates. During the year, the company has spent the CSR funds on its flagship project named "UDAAN".

The UDAAN project is intended towards making the education accessible to underprivileged individuals and imparting vocational skills amongst them to make them employable. Under this project

- We have selected 50+ girls from under privileged backgrounds from Maharashtra region who receives the scholarship towards their education expenses.
- More than 60+ students are getting opportunity of upgrading themselves through on job training under this initiative

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

## 2. 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 2022-23 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 (Additional)	1	1
Mr. Ameya Bijoor	Nominee 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.efl.co.in/csr/>

## 4. Provide the details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report)

Not applicable

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

Sl. No.	Financial Year	Amount available for set-off from preceding Financial Years	Amount required to be set-off for the financial year, if any
1	2022-2023	12.16	Nil
2	2021-2022	3.49	Nil
3	2020-2021	0.29	Nil
4	2019-2020	1.08	Nil
5	2018-2019	-11.04	Nil
6	2017-2018	-14.48	Nil

**6. Average Net Profit of the Company as per Section 135(5): Rs. 2,556.85 Lakh**

7. (a) Two Percent of Average Net Profit of the Company as per Section 135(5) : Rs. 51.13 Lacs

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

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

(d) Total CSR Obligation for the Financial Year (7a + 7b - 7c): Rs. 51.13 Lakh

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

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
Not applicable, since there is no unspent amount				

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in lakh)	Amount spent in the current financial Year (In lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lakh)	Mode of Implementation Direct (Yes/ No)	Mode of Implementation through Implementing Agency	
				State	District						Name	Name
1	"Project-UDAAN"	Sponsored for girls education	Yes	Maharashtra		12 Month	63.29	63.29	0.00	Direct		
<b>Total</b>							63.29	63.29				

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

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project duration	Amount allocated for the project (in lakh)	Amount spent in the current financial Year (In lakh)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lakh)	Mode of Implementation Direct (Yes/ No)	Mode of Implementation through Implementing Agency	
				State	District						Name	Name
Not Applicable												

(d) Amount Spent in Administrative Overheads: NA

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

(f) Total amount spent for the financial year (8b+8c+8d+8e): Rs. 63.29 lacs



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

Sl. No.	Particulars	Amount (in lakh)
1	Two percent of average net profit of the Company as per Section 135(5)	51.13
2	Total unspent amount for the financial years 2017-18 and 2018-19	-
3	Total excess amount spent for the financial years 2019-2020 & 2020-2021	-
<b>4</b>	<b>Total (1+2-3)</b>	<b>51.13</b>
5	Total amount spent for the Financial Year 2022-2023	63.29
6	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
7	Amount available for set of in succeeding financial year	12.16

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in lakh)	Amount spent in the reporting Financial Year (in lakh)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in lakh)
				Name of the Fund	Amount (in lakh)	Date of transfer	
1	2021-2022	-					
2	2020-2021	-					
3	2019-2020	-					

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

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

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

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

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

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

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

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

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

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

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

Date: September 13, 2023

Place: Pune

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

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

1. Details of Contracts or arrangements or transactions not at arm's length basis - 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	50.00	Interest paid @ 8% p.a.	Not Applicable	-
	ICD Placed	1 Year	100.00	Interest charged @ 12% p.a	Not Applicable	-
Electronica Hi Tech Engineering Pvt Ltd (Directorship of relative of MD)	Working Capital Loan	60 months	37.50	Interest charged @11.26% p.a.	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: September 13, 2023**

**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: September 13, 2023**

**Place: Pune**

**Details required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2022-23 is as under:

**Median Salary for FY 2022-23**

Rs. 3.80 Lakhs

Sr. No.	Name of the Director	Remuneration FY 22-23 (Rs. In lakhs)	Ratio Times
1	Ms. Shilpa Pophale	144.70	38.08

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

Sr. No.	Name of the Director / KMP	% increase/(decreased) in remuneration*
1	Ms. Shilpa Pophale	NIL
2	Mr. Jagdish Bhoir*	Not Applicable
3	Mr. Vivekanand Ramachandran#	Not Applicable
4	Ms. Khwahish Rawal	83.20%

\*Resigned w.e.f. 6th July, 2022

#Appointed w.e.f. 9th September, 2022

- (iii) The percentage increase/ (decreased) in the median remuneration of employees in the financial year;

% increase/ (decreased) in the Median remuneration of the employees in the FY. **2.95%**

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

No. of Permanent Employees as on 31st March, 2023 – **1661**

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

increase in Salary of other than KMP employees was – **25.42%**

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

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

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

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

Date: September 13, 2023

Place: Pune

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(In accordance with the regulations/guidelines issued by the Reserve Bank of India (“RBI”) on Scale Based regulations, given below are the Corporate Governance disclosures)

### 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 high 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

As on 31st March, 2023, EFL’s Board comprised of 6 (Six) directors including three women directors. The composition of the Board was the Managing Director, One non-independent non-Executive Director, Three Independent Directors and One Nominee 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 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.

#### Number of Board Meetings

During the Financial Year 2022-23, the Board of EFL met 5 times, viz. April 28, 2022, May 27, 2022, August 26, 2022, December 6, 2022 and March 7, 2023. The maximum time gap between any two consecutive meetings was as per applicable regulations.

The Company in consultation with the Directors of the Company prepared a tentative calendar for the next meetings of the Board/Committee to ensure the presence of majority of Directors in the meetings. Agenda papers containing all the necessary information are sent well in advance to all the Directors of the Company so as to enable the Directors to become aware of all the facts on timely basis.

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

## REPORT ON CORPORATE GOVERNANCE

### 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 27, 2023, 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.

### Code of Conduct

The Company has adopted a Code of Conduct for members of the Board and the Senior Management. The code aims at ensuring consistent standards of conduct and ethical business practices across the organisation. All the members of the Board and the Senior Management have duly adhered to the Code of Conduct.

### Composition of the Board and attendance record of directors for FY 2022-23:

S. No.	Name of Director	Director Since	Capacity	DIN	No. of Board meetings		No. of Other Directorships	Remuneration (Rs. in lakh)			No. of shares held in and convertible instruments held in the NBFC#
					Held	Attended		Salary & Other compensation	Fee	Commission	
1	Ms. Shilpa Pophale	01/06/2006	Managing Director	00182457	5	5	1	144.70	-	-	66,500
2	Mr. Sujit Natekar	07/02/2008	Non-Executive Director	00182517	5	5	1	-	-	-	34,333
3	Mr. Ameya Bijoor	11/11/2020	Nominee Director of ESF Holdings	08905242	5	5	0	-	-	-	NIL
4	Mr. Mohan Tanksale	24/08/2020	Independent Director	02971181	5	4	8	-	4.00	-	NIL
5	Ms. Smita Sandhane	28/04/2022	Independent Director	07637529	5	4	0	-	3.75	-	NIL
6	Ms. Sandhya Vasudevan	06/12/2022	Independent Director	00372405	5	1	2	-	0.50	-	NIL

### Changes in composition of Board during financial years 2022-23 and 2021-22

Sr. No.	Name of Director	Capacity	Nature of change	Effective date
1.	Mr. Sujit Natekar	Non-Executive Director	Re-Appointment	20.11.2022
2.	Ms. Sandhya Vasudevan	Independent Director	Appointment	06.12.2022
3.	Ms. Smita Sandhane	Independent Director	Appointment	24.04.2022
4.	Mr. Milind Limaye	Independent Director	Retirement	26.03.2022

### 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 –

There are no inter-se relationships between the Board members except Ms. Shilpa Pophale and Mr. Sujit Natekar. Ms. Shilpa Pophale is spouse of Mr. Sujit Natekar.



### 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. Your company presently has the following Committees of the Board:

- Audit Committee,
- Nomination and Remuneration Committee,
- Corporate Social Responsibility Committee,
- Asset Liability Management Committee,
- Risk Management Committee,
- IT Strategy Committee.,
- Finance Committee
- Securities Operations Committee

The Company Secretary is the Secretary of all the aforementioned Committees. The Board of Directors and the Committees also take decisions by circular resolutions which are noted by the Board at its next meeting. The minutes of the meetings of all Committees of the Board are placed before the Board for discussions and noting's.

#### 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 2022-23, the Committee met 3(three) times viz. May 27, 2022, December 6, 2022 and March 7, 2023.

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 who were considered necessary for providing inputs to the Committee.

#### Details of the Audit Committee

During financial year 2022-23, the Board had accepted all recommendations of the Committee.

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	Non-Executive, Independent Director	3	3	NIL
Mr. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	3	3	NIL
Ms. Smita Sandhane	28/04/2022	Non-Executive, Independent Director	3	2	NIL
Ms. Sandhya Vasudevan	06/12/2022	Non-Executive, Independent Director	3	1	NIL
Ms. Shilpa Pophale	*	Managing Director	3	3	66,500

\*since inception

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.

## REPORT ON CORPORATE GOVERNANCE

- 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 as required under the applicable regulations. During the year under review, the Committee met 3 (three) times viz. April 28, 2022, May 27, 2022 and August 26, 2022.

#### Composition of the NRC and attendance record of the members for Financial Year 2022-23:

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	Non-Executive, Independent Director	3	3	NIL
Ms. Smita Sandhane	28/04/2022	Non-Executive, Independent Director	3	2	NIL
Mr. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	3	3	NIL
Mr. Sujit Natekar	*	Non-Executive Director	3	3	34,333

\*since inception

During financial year 2022-23, 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

During the Financial Year 2022-23, the Corporate Social Responsibility Committee met once on August 26, 2022.

The composition of the Corporate Social Responsibility Committee and the attendance of its Members at its Meetings held during Financial Year 2022-23 is given below:

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	Non-Executive, Independent Director	1	1	NIL
Mr. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	1	1	NIL
Mr. Sujit Natekar	*	Non-Executive Director	1	1	34,333
Ms. Shilpa Pophale	*	Managing Director	1	1	66,500

\*since inception

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

Pursuant to the RBI Guidelines, the Company has in place an Asset Liability Management Committee.

During the Financial Year 2022-23, 2 (two) meetings of the Asset Liability Management Committee were held on August 26, 2022 and December 6, 2022.

The composition of the Asset Liability Management Committee and the attendance of its members at its meetings held during Financial Year 2022-23 is given below:

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. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	2	2	NIL
Mr. Sujit Natekar	*	Non-Executive Director	2	2	34,333
Ms. Shilpa Pophale	*	Managing Director	2	2	66,500
Mr. Mohan Tanksale	11/11/2020	Non-Executive, Independent Director	2	2	NIL

\*since inception

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

Pursuant to the RBI Regulations, the Company has constituted a Risk Management Committee.

During the Financial Year 2022-23, 2 (two) meetings of the Risk Management Committee were held on September 28, 2022 and March 7, 2023.

The composition of the Risk Management Committee and the attendance of its members at its meetings held during Financial Year 2022-23 is given below:

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. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	2	2	NIL
Mr. Sujit Natekar	*	Non-Executive Director	2	2	34,333
Ms. Shilpa Pophale	*	Managing Director	2	2	66,500
Ms. Smita Sandhane	28/04/2022	Non-Executive, Independent Director	2	1	NIL

\*since inception

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.

## REPORT ON CORPORATE GOVERNANCE

### f. IT Strategy Committee

Pursuant to Master Direction – Information Technology Framework issued by RBI for NBFC's, the Company has constituted an IT Strategy Committee.

During the Financial Year 2022-23, 2 (two) meetings of the IT Strategy Committee were held on September 28, 2022 and March 7, 2023.

The composition of the IT Strategy Committee and the attendance of its members at its meetings held during Financial Year 2022-23 is given below:

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. Ameya Bijoor	*	Non-Executive, Nominee Director	2	2	NIL
Ms. Shilpa Pophale	*	Managing Director	2	2	66,500
Ms. Smita Sandhane	28/04/2022	Non-Executive, Independent Director	2	2	NIL
Mr. Srinivas Rappelli	28/04/2022	Head – IT	2	2	NIL

\*since inception

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

The Board 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, the Finance Committee met 17 (seventeen) times on June 29, 2022, August 29, 2022, September 7, 2022, September 15, 2022, September 23, 2022, September 27, 2022, September 29, 2022, November 11, 2022, December 14, 2022, December 29, 2022, December 30, 2022, January 30, 2023, February 21, 2023, March 2, 2023, March 8, 2023, March 24, 2023 and March 30, 2023. The name of the Bank Borrowings Committee was changed to Finance Committee at the Board meeting held on December 6, 2022.

The composition of the Finance Committee and the attendance of its members at its meetings held during Financial Year 2022-23 is given below:

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. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	17	17	NIL
Ms. Shilpa Pophale	*	Managing Director	17	17	66,500
Ms. Smita Sandhane	28/04/2022	Non-Executive, Independent Director	17	17	NIL
Mr. Sujit Natekar	*	Non-Executive Director	17	17	34,333

\*since inception

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

- a. 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;
- b. To issue, offer and allot Commercial Papers;

- c. 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;
- d. 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;
- e. 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;
- f. 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
- g. 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)
- h. 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)
- i. 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;
- j. to invest the idle funds of the company in mutual funds, liquid instruments etc.
- k. to grant loans or give guarantee or provide security in respect of loans;
- l. Any other matters incidental and ancillary to the above stated matters
- m. Any other matters relating to Fund raising by Equity or Debt
- n. 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 market borrowings and related aspects.

During the year, there were 2 (two) meetings of the Securities Operations Committee held on December 29, 2022 and December 30, 2022.

## REPORT ON CORPORATE GOVERNANCE

The composition of the Securities Operations Committee and the attendance of its members at its meetings held during Financial Year 2022-23 is given below:

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. Ameya Bijoor	11/11/2020	Non-Executive, Nominee Director	2	2	NIL
Ms. Shilpa Pophale	*	Managing Director	2	2	66,500
Mr. Sujit Natekar	*	Non-Executive Director	2	2	34,333

\*since inception

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) General Body meetings

S. No.	Type of meeting	Date and Place	Special resolutions passed
1.	Annual General meeting	September 30, 2022 Audumbar, 101/1, Erandawane, Dr. Ketkar Road, Pune - 411004	<ul style="list-style-type: none"> <li>• Reappointment of Ms. Shilpa Pophale as Managing Director for 3 years</li> <li>• Issuance of Non-convertible debentures</li> <li>• To borrow money together with moneys already borrowed for an aggregate amount of Rs. 3000 cr</li> <li>• Creation of mortgage / charge / pledge / hypothecation / security on company's assets upto Rs. 3500 cr</li> <li>• Appointment of Ms. Smita Sandhane as Independent Director</li> <li>• Increase in authorized share capital of the company and amendment to capital clause in Memorandum of Association</li> </ul>

#### 5) 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.

Due to the technical issues persisting in the MCA V3 portal, there were certain delayed filings of e-forms in relation to charge creation. The same was duly completed upon payment of requisite additional fees.

**6) Disclosures****a) Related Party Disclosure**

As required by the Accounting Standard AS-24, the details of Related Party Transactions are given in Notes to the Annual Accounts.

With regard to information on related party transactions, whenever applicable, the Audit Committee is presented with the following information, wherever applicable.

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.

**b) Disclosure of Accounting Treatment in Preparation of Financial Statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and 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.

**7) 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.

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

**11) Green Initiative**

Sections 20 and 136 of the Companies Act 2013, read with relevant Rules, permit companies to service delivery of documents electronically to the registered email ID of the members.

As a responsible corporate citizen, the Company welcomes the Green Initiative by sending the communications / documents including Notices for General Meeting and Annual Reports from time to time in electronic mode to those members who have provided their e-mail addresses.

Shareholders who have not registered their e-mail addresses are requested to register/update their e-mail addresses in respect of equity shares held by them.

**12) Appointment/ Re-appointment of Directors**

Pursuant to the Articles of Association of the Company, at every Annual General Meeting of the Company, one third of the Directors are eligible to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third retire from office.

Ms. Smita Sandhane was inducted on the Board as an Independent Director of the Company with effect from April 28, 2022.

Ms. Sandhya Vasudevan was inducted on the Board as an Independent Director of the Company with effect from December 6, 2022.

Mr. Sujit Natekar, Non-Executive Director retired by rotation and being eligible was reappointed at the Annual general meeting of the Company held on September 30, 2022.

Annual Report 2022-23

 **REPORT ON CORPORATE GOVERNANCE**

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

**SHILPA POPHALE  
MANAGING DIRECTOR  
DIN: 00182457**

**SUJIT NATEKAR  
DIRECTOR  
DIN: 00182517**

**Date: September 13, 2023  
Place: Pune**





**PURPOSE**

Creating Success Stories  
for Businesses

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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, 2023, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**2. Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report but does not include the Ind AS financial statements and our auditor's report thereon. The Other information is expected to be made available to us after the date of our auditor's report.

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

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

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

**4. 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.

## INDEPENDENT AUDITOR'S REPORT

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

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

### 5. 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.

### 6. Report on Other Legal and Regulatory Requirements

- i) As required by the Companies (Auditor's report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii) As required by section 143 (3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of Ind AS Financial Statements.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on the financial position in its Ind AS financial statements – Refer Note 37 to the Ind AS financial statements;
  - 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 2021-22 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 2022-2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

Annual Report **2022-23**

 **INDEPENDENT AUDITOR'S REPORT**

**For Mukund M. Chitale & Co.**

Chartered Accountants

Firm Regn. No. 106655W

**(S.M.Chitale)**

Partner

M. No. 111383

UDIN: 23111383BGTWJA4024

Date: June 26, 2023

Place: Mumbai

**Annexure 1 to the Independent Auditor's Report of even date on the Ind AS financial statements of Electronica Finance Limited**
**Referred to in paragraph [6(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, at points of time 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 2023, aggregating Rs.2,155 lakhs were categorised as credit impaired ("Stage 3") and Rs.3,760 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 52 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.

## INDEPENDENT AUDITOR'S REPORT

- 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

No. of cases	Principal amount overdue	Interest overdue	Total overdue	Remarks, if any
1 122	Rs.1,472 lakhs	Rs.683 lakhs	Rs.2,155 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	4.81	April 2014 to March 2015	Commissioner of Income Tax ( Appeals)

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during the year.
- (ix) a) The Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to banks or financial institutions or government.
- b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application of term loans.
- d) On an overall examination of the 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.
- (x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable to the Company.
- b) According to the information and explanations given to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xi) a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report by the Statutory Auditors.
- c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) The Company is not a nidhi company and hence reporting under clause 3 (xii)(a) to 3 (xii)(c) of the Order are not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) a) In our opinion the Company 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: 23111383BGTWJA4024

Place : Mumbai

Date: June 26, 2023

**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 [6(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date**

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

1. We have audited the internal financial controls with reference to Ind AS financial statements of Electronica Finance Limited ("the Company") as of March 31, 2023 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

## **INDEPENDENT AUDITOR'S REPORT**

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, 2023, 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: 23111383BGTWJA4024

Date: June 26, 2023

Place: Mumbai

(₹ in Lakhs)

Particulars	Note No	For the year ended	
		March 31, 2023	March 31, 2022
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	4	5,791.15	8,967.27
Bank balances other than included in (a) above	5	8,367.12	8,666.41
Receivables			
Trade receivables	6	-	-
Other receivables	6	77.87	-
Loans	7	196,013.27	126,093.08
Investments	8	5.48	5.94
Other financial assets	9	389.21	756.18
<b>Non financial assets</b>			
Current tax assets (net)	10	513.75	356.37
Deferred tax assets (net)	11	842.47	920.86
Investment property	12	463.19	1,055.11
Property, plant and equipment	13	8,980.62	6,495.24
Capital work in progress	13	99.05	96.60
Other Intangible assets	13	250.73	127.14
Other non financial assets	14	933.39	508.18
<b>Total assets</b>		<b>222,727.30</b>	<b>154,048.38</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial Liabilities</b>			
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	518.50	99.25
Debt securities	16	12,995.65	16,443.52
Borrowings (Other than debt securities)	17	140,107.53	91,398.90
Subordinated liabilities	18	2,875.19	-
Other financial liabilities	19	27,214.79	23,248.88
<b>Non financial liabilities</b>			
Current tax liabilities (net)	20	1,754.35	1,110.74
Provisions	21	393.55	195.11
Other non financial liabilities	22	493.31	63.86
<b>Equity</b>			
Share capital	23	3,518.83	2,253.46
Other equity	24	32,855.60	19,234.66
<b>Total liabilities and equity</b>		<b>222,727.30</b>	<b>154,048.38</b>
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

1 - 56

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**      **Mr. Sujit Natekar**  
Managing Director      Director  
DIN: 00182457      DIN: 00182517

**Mr. Vivekanand Ramachandran**  
Chief Financial Officer

Place: Mumbai  
Date: June 26, 2023

Place: Pune  
Date: June 26, 2023


**STATEMENT OF PROFIT AND LOSS**

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Note No	For the year ended	
		March 31, 2023	March 31, 2022
<b>Revenue from operations</b>			
Interest income	25	28,590.40	18,675.52
Fees and commission income	26	878.73	642.85
Lease income		233.85	-
Net gain on derecognition of financial assets at amortised cost	27	1,392.82	1,381.06
Sale of services	28	46.63	31.10
Recoveries of financial assets written off	29	41.57	101.71
Net gain on fair value changes	30	425.27	545.32
<b>Total revenue from operations</b>		<b>31,609.27</b>	<b>21,377.56</b>
Other income	31	1,121.75	602.72
<b>Total income</b>		<b>32,731.02</b>	<b>21,980.28</b>
<b>Expenses</b>			
Finance costs	32	11,959.58	8,167.10
Customer loyalty bonus	33	1,525.16	1,785.12
Impairment on financial instruments	34	1,968.77	887.76
Employee benefit expenses	35	7,594.14	4,871.09
Depreciation, amortisation and impairment	13A	752.37	433.91
Other expenses	36	3,321.16	1,949.28
<b>Total expenses</b>		<b>27,121.18</b>	<b>18,094.26</b>
<b>Profit before tax</b>		<b>5,609.84</b>	<b>3,886.02</b>
<b>Tax expense:</b>			
Current tax	11	1,346.58	1,016.57
Deferred tax charge / (credit)	11	86.25	(23.28)
<b>Total Tax expense</b>		<b>1,432.83</b>	<b>993.29</b>
<b>Profit after tax</b>		<b>4,177.01</b>	<b>2,892.73</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit and loss:			
Remeasurement losses on defined benefit plans		(31.23)	18.67
Tax impact on above	11	7.86	4.70
<b>Other comprehensive loss for the year (net of tax)</b>		<b>(23.37)</b>	<b>23.37</b>
<b>Total comprehensive income for the year</b>		<b>4,153.64</b>	<b>2,916.10</b>
Earnings per share (Nominal value per share Rs.)	38		
Basic		18.54	12.84
Diluted		14.41	9.98
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

1 - 56

As per our report of even date

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

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

Place: Mumbai  
Date: June 26, 2023

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

**Ms. Shilpa Pophale**      **Mr. Sujit Natekar**  
**Managing Director**      **Director**  
DIN: 00182457      DIN: 00182517

**Mr. Vivekanand Ramachandran**  
**Chief Financial Officer**

Place: Pune  
Date: June 26, 2023


**STATEMENT OF CHANGES IN EQUITY**

for the year ended March 31, 2023

**a. Equity Share Capital**

(₹ in Lakhs)

Particulars	Note No.	For the year ended	
		March 31, 2023	March 31, 2022
Balance at the beginning of the year	23	2,253.46	2,253.46
Changes in equity share capital during the year		-	-
<b>Balance at the end of the year</b>		<b>2,253.46</b>	<b>2,253.46</b>

**b. Preference Share Capital**

(₹ in Lakhs)

Particulars	Note No.	For the year ended	
		March 31, 2023	March 31, 2022
Balance at the beginning of the year	23	-	-
Changes in equity share capital during the year*		1,265.37	-
<b>Balance at the end of the year</b>		<b>1,265.37</b>	<b>-</b>
<b>Total</b>		<b>3,518.83</b>	<b>2,253.46</b>

\* 63,29,839 compulsory convertible preference share have been transferred from financial liability to equity in the current year.

**c. Other equity**

(₹ in Lakhs)

Particulars	Note No.	Reserves and Surplus							Total Other equity
		Securities premium	Retained earnings	Reserve fund as per RBI	General reserve	Capital reserves	Capital redemption reserve	Employee stock options outstanding	
<b>Balance as on April 01, 2021</b>	<b>24</b>	<b>261.77</b>	<b>10,216.00</b>	<b>3,613.97</b>	<b>2,230.24</b>	<b>6.76</b>	<b>4.89</b>	<b>92.02</b>	<b>16,425.65</b>
Profit after tax		-	2,892.73	-	-	-	-	-	2,892.73
Other comprehensive income (net of taxes)		-	23.37	-	-	-	-	-	23.37
Transfer to reserve fund in terms of section 45-IC(1) of the Reserve Bank of India Act, 1934		-	(578.55)	578.55	-	-	-	-	-
Share based payment to employees - charge for the year		-	-	-	-	-	-	17.48	17.48
Dividend Paid		-	(124.57)	-	-	-	-	-	(124.57)
<b>Balance as at March 31, 2022</b>		<b>261.77</b>	<b>12,428.98</b>	<b>4,192.51</b>	<b>2,230.24</b>	<b>6.76</b>	<b>4.89</b>	<b>109.50</b>	<b>19,234.67</b>
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
<b>Balance as at March 31, 2023</b>	<b>24</b>	<b>9,712.79</b>	<b>15,747.22</b>	<b>5,027.92</b>	<b>2,230.24</b>	<b>6.76</b>	<b>4.89</b>	<b>125.77</b>	<b>32,855.60</b>

The accompanying notes are an integral part of the financial statements

1 - 56

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  
DIN: 00182457

Mr. Sujit Natekar  
Director  
DIN: 00182517

Mr. Vivekanand Ramachandran  
Chief Financial Officer

Place: Mumbai  
Date: June 26, 2023

Place: Pune  
Date: June 26, 2023


**STATEMENT OF CASH FLOW**

for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	for the year ended	
	March 31, 2023	March 31, 2022
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	5,609.84	3,886.02
Adjustments for:		
Depreciation and amortisation	752.37	433.91
Loss / (profit) on sale of fixed assets	(0.94)	-
Other balances written off	13.28	-
Impairment on financial instruments	303.63	322.57
Loans and other balances written off	1,678.42	565.19
Stock option expenditure	16.27	17.48
Dividend income	(0.04)	(0.01)
Income from shares & mutual funds	(120.79)	(59.67)
Interest on margin money deposits	(142.18)	(94.13)
Net gain on fair value changes	(1,818.09)	(1,111.65)
Impairment loss on investment property	92.27	-
Finance cost	11,959.58	7,337.40
<b>Operating profit before working capital changes</b>	<b>18,343.62</b>	<b>11,297.11</b>
<b>Movements in working capital</b>		
(Increase)/decrease in trade receivables	(77.87)	86.72
(Increase)/decrease in loans	(71,902.24)	(29,521.98)
(Increase)/decrease in other financial assets	2,171.78	638.52
(Increase)/decrease in other non-financial assets	(425.21)	318.02
Increase/(decrease) in other payables	419.25	(37.76)
Increase/(decrease) in other financial liabilities	4,260.55	5,956.11
Increase/(decrease) in provisions	143.84	37.47
Increase/(decrease) in other non-financial liabilities	429.99	28.98
<b>Cash generated from / (used in) operations</b>	<b>(46,636.29)</b>	<b>(11,196.81)</b>
Direct taxes paid (net of refunds)	(860.35)	(883.73)
<b>Net cash flows used in operating activities (A)</b>	<b>(47,496.64)</b>	<b>(12,080.54)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (incl. capital work-in-progress)	(2,707.23)	(1,119.20)
Purchase of intangible assets	(155.97)	(446.73)
Proceeds from maturity of fixed deposits	8,341.47	(44.69)
Payments towards fixed deposits	(7,900.00)	10,880.69
Proceeds from sale of property, plant and equipment	4.19	(18,048.77)
Proceeds from sale of investments	10,396.52	35,631.53
Purchase of investments	(10,396.06)	(35,619.36)
Dividend received	0.04	0.01
Income from mutual funds	120.79	59.67
<b>Net cash flows (used in)/ from investing activities (B)</b>	<b>(2,296.26)</b>	<b>(8,706.85)</b>
<b>Cash flows from financing activities</b>		
Repayment of debt securities (Including Interest)	(6,447.87)	(8,768.96)
Repayment of borrowings other than debts securities (Including Interest)	(34,209.37)	(29,738.58)
Proceeds from sub-ordinate debts securities	3,000.00	-
Proceeds from debts securities	-	9,307.50
Proceeds from borrowing	84,550.00	56,866.51
Proposed dividend and related distribution tax	-	(124.57)
Finance cost	(275.99)	(189.38)
<b>Net cash flows from / (used in) financing activities (C)</b>	<b>46,616.77</b>	<b>27,352.52</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(3,176.12)</b>	<b>6,565.13</b>
Cash and cash equivalents at the beginning of the year	8,967.27	2,402.14
<b>Cash and cash equivalents for the period/ end of the year</b>	<b>5,791.15</b>	<b>8,967.27</b>
<b>Components of cash and cash equivalents</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>Cash and cash equivalents at the end of the year</b>		
i) Cash on hand	5.51	2.26
ii) Balances with banks	5,785.64	8,965.01
<b>Total</b>	<b>5,791.15</b>	<b>8,967.27</b>

The accompanying notes are an integral part of the financial statements

1 - 56

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**

DIN: 00182457

**Mr. Sujit Natekar****Director**

DIN: 00182517

**Mr. Vivekanand Ramachandran****Chief Financial Officer**

Place: Pune

Date: June 26, 2023

Place: Mumbai

Date: June 26, 2023



## 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, 2023 were approved by the company's board of directors and authorized for issue on June 26, 2023.

## 2. Basis of preparation and Compliance with Ind AS

- 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.
- The financial statements have been prepared on an accrual basis.
- 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 & 51]
- Effective Interest Rate (EIR) [Refer note no. 3.d(i)]
- Impairment on financial assets [Refer note no. 3.d(i), 7, & 34]
- Provisions and other contingent liabilities [Refer note no. 3.t. & 37]
- Provision for tax expenses [Refer note no. 3.p.]
- Residual value and useful life of property, plant and equipment [Refer note no. 3.h.]

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, 2023

### 3. Summary of Significant Accounting Policies

#### a. Income

##### (i) Interest Income

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

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

Interest on financial assets subsequently measured at fair value through profit or loss (FVTPL) is recognized at the contractual rate of interest.

##### **Penal and other financial charges:**

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

##### (ii) Leasing Business

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

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

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

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

recognized when funds are transferred to the customers' account (or to the account of a machine supplier for supply of machinery to the customer based on customer's request). The company recognizes debt securities, deposits, and borrowings when funds are credited to the bank account of the company.

### (i) Financial assets

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

#### Upfront fees

The company enters into contract with customers to provide loan wherein customer is required to pay a non-refundable processing fees.

According to Ind AS, these fees are amortized over the net expected life of the loan based on the EIR method, Under the past practices, these were recorded as income immediately on receipt, whenever the agreement is signed.

#### Effective Interest Rate (EIR) method

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

#### Initial measurement

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

#### Subsequent measurement

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

- (a) Debt instruments at amortized cost
- (b) Debt instruments at FVTPL

#### (a) Debt instruments at amortized cost

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

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

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

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

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

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

#### (b) Debt instruments at FVTPL

The Company classifies financial assets which are held for trading under FVTPL category. Held for

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

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

#### **De-recognition of Financial Assets**

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

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

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

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

#### **Impairment of financial assets**

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

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

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

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

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

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

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

ECL resulting from default events that are possible in the next 12 months is recognized for financial instruments in stage 1.

We have ascertained default events based on past behavioral trends witnessed for each 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

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

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

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, 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. 51.

### (ii) Financial liabilities

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

**Initial measurement**

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

**Subsequent measurement**

After initial recognition, all financial liabilities are subsequently measured at amortized cost using the EIR [Refer note no. 3.d.(i)]. Any gains or losses arising on de-recognition of liabilities are recognized in the Statement of Profit and Loss.

**De-recognition**

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

**(ii) Offsetting of financial instruments**

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

**e. Rescheduled loans**

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

Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the company's policy to monitor forbore 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 forbore 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 forbore, it will remain forbore for a minimum 12-month probation period.

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

**f. Non-current assets held for sale**

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

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

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

**g. Foreign currency transactions**

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

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

**Exchange Differences:** Exchange Differences arising on the settlement of monetary items, (if any) at rate different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or as expenses in the year in which they arise.

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

### h. Property, Plant and Equipment

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

(i) Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment in their carrying value, if any. The cost comprises 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.

(ii) Depreciation on property, plant and equipment

Depreciation is provided using the Straight Line Method based on the useful lives of the assets prescribed under Schedule II to the Companies Act, 2013 and in the manner provided therein. Accordingly, the useful lives considered for determining the rate of depreciation are as under:

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

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

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

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

### i. Intangible Assets and amortization thereof

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

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

### j. Investment property

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

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



for the year ended March 31, 2023

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

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

#### **k. Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **l. Cash collateral**

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

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

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

#### **m. Retirement and other employee benefits**

##### **(i) Provident fund**

Retirement benefit in the form of provident fund and pension fund are defined contribution schemes and the contributions are charged to the statement of profit and loss for the year when the employee renders the related service.

##### **(ii) Leave encashment**

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

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

##### **(iii) Gratuity**

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets, are recognized

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not classified to profit or loss in subsequent periods.

### **n. Employee Stock Option Scheme**

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

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

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

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

### **o. Income taxes**

#### **(i) Current tax**

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

#### **(ii) Deferred tax**

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

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

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

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

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

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

### **p. Earnings Per Share**

#### **(i) Basic Earnings per share**

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

#### **(ii) Diluted earnings per share**

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

**q. Leases - Ind AS 116**

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

**Measurement of Lease Liability**

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

- (i) increased by interest on lease liability;
- (ii) reduced by lease payments made; and
- (iii) re-measured to reflect any reassessment or lease modifications specified in Ind AS 116 'Leases', or to reflect revised fixed lease payments.

**Measurement of Right-of-use assets**

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

Depreciation on 'Right-of-use assets' is provided on straight line basis over the lease period.

The exception permitted in Ind AS 116 for low value assets and short-term leases has been adopted by Company.

**r. Borrowing costs**

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

**s. Compulsorily Convertible Preference Shares:**

Compulsorily Convertible Preference Shares ("CCPS") 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 have been derecognized as financial liability and recognized as Equity.

**t. Provisions and contingent liabilities**

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted (except for Provision related to customer loyalty bonus) to their present value and are determined based on the best estimate required to settle the obligation at the reporting date.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements and takes it into account while computing the CRAR as per risk weight defined under applicable RBI norms.

**u. Fair value measurements**

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

## NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

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.

### **Ind AS amendments which will be effective from 1st April 2023**

Ministry of corporate affairs has issued notification G.S.R. 242(E) dated 31st March, 2023 to amend the Companies (Indian Accounting Standards) Rules, 2015, which shall come into force with effect from 1st day of April, 2023.

#### **Recent Pronouncement:**

On 31st March 2023, Ministry of Corporate Affairs notified amendments to certain Ind AS. These amendments will be effective from April 1, 2023 and will not have material impact on Company's financial statements for the financial year 2022-23. The following is a summary of the amendments:

1. In Ind AS 101: - Relating to the exceptions to retrospective application of Ind AS on first time adoption
2. In Ind As 102: - Relating to the fair value of the equity instruments not being possible to be estimated reliably
3. In Ind AS 103: - Relating to the date on which the transferee obtains control of the transferor.
4. In Ind AS 107: - Relating to disclosure of material accounting policy information about the measurement basis (or bases) for financial instruments used in preparing the financial statements.
5. In Ind AS 109: - Relating to a combination of entities or businesses under common control as described in Appendix C.
6. In Ind AS 115: - Relating to certain corrections.
7. In Ind AS 1: - Relating to the following:
  - Reference to the definition of 'Accounting Policies' contained in Ind AS 8
  - Requirement regarding disclosure of material accounting policy information instead of disclosures about significant accounting policies
  - Clarification about when an accounting policy information would be regarded as material
  - The judgements, apart from those involving estimations that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.
8. In Ind AS 8: - Relating to change in the definition of accounting estimates and further clarifications relating to the same.
9. In Ind AS 12: - Relating to exception to the recognition of deferred tax liability/ asset arising from a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
10. In Ind AS 34: - Relating to disclosure of material accounting policy information in interim financial statements.

**4. Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Cash on hand	5.51	2.26
Balance with banks -		
- in current accounts	5,781.60	8,960.97
- in earmarked balance with bank	4.04	4.04
<b>Total</b>	<b>5,791.15</b>	<b>8,967.27</b>

**5. Bank balances other than cash and cash equivalents**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Fixed deposits with bank	6,821.33	7,002.11
Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments	1,545.79	1,664.30
<b>Total</b>	<b>8,367.12</b>	<b>8,666.41</b>

**6. Receivables**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Trade receivables</b>		
Trade receivables considered good-secured	-	-
Trade receivables considered good-unsecured	-	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables -credit impaired	-	-
<b>Gross</b>	<b>-</b>	<b>-</b>
Less: Allowances for impairment loss on credit impaired trade receivables	-	-
<b>Net</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>		
Other receivables considered good-secured	-	-
Other receivables considered good-unsecured	77.87	-
Other receivables which have significant increase in credit risk	-	-
Other receivables -credit impaired	-	-
<b>Gross</b>	<b>77.87</b>	<b>-</b>
Less: Allowances for impairment loss on credit impaired other receivables	-	-
<b>Net</b>	<b>77.87</b>	<b>-</b>

**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	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	-	-	-	-	-	-
<b>Total</b>	<b>77.87</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77.87</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

As at 31.03.2022

(₹ 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	-	-	-	-	-	-
(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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## 7. Loans

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>At amortised cost</b>		
<b>(A) Term loans *</b>	199,055.06	128,916.92
Less: Impairment allowance	(3,041.79)	(2,823.84)
<b>Total (A)</b>	<b>196,013.27</b>	<b>126,093.08</b>
<b>(B) Out of the above</b>		
(I) Secured (Against hypothecation of equipments, plant & machinery, book debts and equitable/ registered mortgage of immovable properties, etc.)	198,501.58	127,186.63
Less: Impairment allowance	(3,032.81)	(2,565.55)
<b>Sub total (I)</b>	<b>195,468.77</b>	<b>124,621.08</b>
(II) Unsecured	553.48	1,730.29
Less: Impairment allowance	(8.98)	(258.29)
<b>Sub total (II)</b>	<b>544.50</b>	<b>1,472.00</b>
<b>Total (I+II)</b>	<b>196,013.27</b>	<b>126,093.08</b>
<b>(C) Out of the above</b>		
(I) Within India	199,055.06	128,916.92
Less: Impairment allowance	(3,041.79)	(2,823.84)
<b>Sub total (I)</b>	<b>196,013.27</b>	<b>126,093.08</b>
(II) Outside India	-	-
<b>Total (I+II)</b>	<b>196,013.27</b>	<b>126,093.08</b>
<b>(D) Out of the above</b>		
(I) to public sector/government entities	-	-
(II) others	199,055.06	128,916.92
Less: Impairment allowance	(3,041.79)	(2,823.84)
<b>Sub total (II)</b>	<b>196,013.27</b>	<b>126,093.08</b>
<b>Total (I+II)</b>	<b>196,013.27</b>	<b>126,093.08</b>
<b>(E) Out of the above</b>		
(I) Due from related parties	16.42	16.42
Less: Impairment allowance	(0.92)	(0.92)
<b>Sub total (I)</b>	<b>15.50</b>	<b>15.50</b>
(II) Others	199,038.64	128,900.50
Less: Impairment allowance	(3,040.87)	(2,822.92)
<b>Sub total (II)</b>	<b>195,997.77</b>	<b>126,077.58</b>
<b>Total (I+II)</b>	<b>196,013.27</b>	<b>126,093.08</b>

- 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. 55,707.61 lakhs (PY Rs. 43,101.62 lakhs)

## Summary of loans by stage distribution

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Stage 1</b>		
Gross carrying value	193,230.18	123,319.52
Less: Impairment allowance	(1,203.35)	(916.66)
<b>Net carrying value (A)</b>	<b>192,026.83</b>	<b>122,402.86</b>
<b>Stage 2</b>		
Gross carrying value	3,670.22	2,300.76
Less: Impairment allowance	(848.99)	(270.63)
<b>Net carrying value (B)</b>	<b>2,821.23</b>	<b>2,030.13</b>
<b>Stage 3</b>		
Gross carrying value	2,154.66	3,296.64
Less: Impairment allowance	(989.45)	(1,636.55)
<b>Net carrying value (C)</b>	<b>1,165.21</b>	<b>1,660.09</b>
<b>Total</b>		
<b>Gross carrying value</b>	<b>199,055.06</b>	<b>128,916.92</b>
<b>Less: Impairment allowance</b>	<b>(3,041.79)</b>	<b>(2,823.84)</b>
<b>Net carrying value (A+B+C)</b>	<b>196,013.27</b>	<b>126,093.08</b>

## 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, 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
<b>as at March 31, 2022</b>	<b>123,319.52</b>	<b>916.66</b>	<b>2,300.76</b>	<b>270.63</b>	<b>3,296.64</b>	<b>1,636.55</b>	<b>128,916.92</b>	<b>2,823.84</b>
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	129,611.89	911.51	1,029.33	225.71	204.96	64.44	130,846.19	1,201.65
Amounts written off during the year	-	-	-	-	(1,665.14)	(1,372.85)	(1,665.14)	(1,372.85)
<b>as at March 31, 2023</b>	<b>193,230.19</b>	<b>1,203.35</b>	<b>3,670.22</b>	<b>848.99</b>	<b>2,154.66</b>	<b>989.45</b>	<b>199,055.07</b>	<b>3,041.79</b>


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

(₹ in Lakhs)

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

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

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Net impairment loss allowance charge for the year	303.63	322.57
Amounts written off during the year	1,665.14	565.19
<b>Impairment on financial instruments</b>	<b>1,968.77</b>	<b>887.76</b>

**8. Investments**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Investments carried at fair value through profit and loss account</b>		
<b>(A) In equity instruments</b>		
<b>In equity instruments</b>	<b>5.48</b>	<b>5.94</b>
7500 (March 31, 2022 :7500) equity shares of J. M. Financials Limited of Rs.1 each fully paid up	4.61	5.07
617 (March 31, 2022: 617) equity shares of Indian Seamless Enterprises Limited of Rs.10 each fully paid up	0.31	0.31
280 (March 31, 2022: 280) equity shares of Electronica Machine Tools Limited of Rs.10 each fully paid up	0.21	0.21
1000 (March 31, 2022: 1000) equity shares of The Saraswat Co-operative Bank Ltd of Rs.10 each fully paid up	0.10	0.10
250 (March 31, 2022: 250) equity shares of The Rajashri Shahu Sahakari Bank Ltd each fully paid up	0.25	0.25
<b>Total</b>	<b>5.48</b>	<b>5.94</b>
* Out of the above		
- Within India	5.48	5.94
- Outside India	-	-
<b>Total</b>	<b>5.48</b>	<b>5.94</b>
* Out of the above		
- Quoted	4.92	5.38
- Un-quoted	0.56	0.56
<b>Total</b>	<b>5.48</b>	<b>5.94</b>



**9. Other financial assets**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Security deposits	188.67	124.81
Retained interest on assets assigned	200.54	631.37
<b>Total</b>	<b>389.21</b>	<b>756.18</b>

**10. Current tax asset**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Advance income tax & TDS receivable (net of provision for tax)	513.75	356.37
<b>Total</b>	<b>513.75</b>	<b>356.37</b>

**11. Deferred tax assets (net)**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Deferred tax asset</b>		
Disallowance u/s 43B of Income tax Act, 1961	31.63	32.68
ELR impact on financial instruments measured at amortised cost	708.16	789.02
Loyalty Bonus provision	276.57	311.05
Impairment on financial instruments	748.09	532.76
Employee Stock Options issued	40.68	27.56
Remeasurement of Actuarial losses through OCI	6.40	-
Leases	26.09	5.92
Other temporary differences	11.68	12.21
<b>Subtotal A</b>	<b>1,849.28</b>	<b>1,711.20</b>
Less:		
<b>Deferred tax liability</b>		
Depreciation / amortization charged for the financial reporting	(128.65)	(65.75)
Fair valuation of cash collateral	(586.24)	(445.20)
Service asset on derecognition of financial assets	(50.47)	(158.90)
ELR impact on financial instruments measured at amortised cost	208.86)	(103.90)
Fair Valuation of Investments	(0.94)	(1.06)
Remeasurement of Actuarial losses through OCI	-	(1.12)
Other temporary differences	(31.64)	(14.41)
<b>Subtotal B</b>	<b>(1,006.81)</b>	<b>(790.34)</b>
<b>Total (A+B)</b>	<b>842.47</b>	<b>920.86</b>

**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, 2023	March 31, 2022
<b>Accounting profit before tax</b>	<b>5,609.84</b>	<b>3,886.02</b>
At India's statutory income tax rate of 25.17% (2022: 25.17%)	1,411.88	978.03
Tax impact due to revaluation of deferred tax due to change in Income tax rate	-	-
Tax on income not subject to tax	(0.01)	(0.01)
Tax on expenditure not considered for tax	21.80	20.51
Tax on additional deductions	(0.84)	(5.24)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,432.83</b>	<b>993.29</b>

- Company opted for reduced corporate tax rate of 25.17% as per recently inserted section 115BAA of the Income Tax Act, 1961.
- The effective income tax rate for the financial year ended on March 31, 2023 is 25.54% (March 31, 2022 : 25.57%).


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

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

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Disallowance u/s 43B of Income tax Act, 1961	1.05	5.10
EIR impact on financial instruments measured at amortised cost	185.82	18.69
Loyalty Bonus provision	34.48	(80.69)
Depreciation / amortization charged for the financial reporting	62.91	(34.44)
Impairment on financial instruments	(215.33)	(2.36)
Leases	(20.16)	3.58
Fair valuation of cash collateral	141.04	60.37
Employee Stock Options issued	(13.12)	-
Service asset on derecognition of financial assets	(108.43)	11.94
Fair Valuation of Investments	(0.12)	(0.26)
Remeasurement of Actuarial losses through OCI	0.34	4.70
Other temporary differences	17.76	(9.91)
<b>Total Charge/(Credit)</b>	<b>86.24</b>	<b>(23.28)</b>

**Changes in deferred tax assets recorded in other comprehensive income**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Deferred tax relates to following		
Remeasurement of Actuarial (gain)/loss through OCI	(7.86)	(4.70)
<b>Total (Charge)/Credit</b>	<b>(7.86)</b>	<b>(4.70)</b>

**12. Investment property**

(₹ in Lakhs)

Particulars	Amount
<b>Cost</b>	
<b>at April 01, 2021</b>	<b>689.48</b>
Additions	446.73
Disposals	-
Adjustments	-
<b>at March 31, 2022</b>	<b>1,136.21</b>
Additions	5.50
Disposals	-
Reclassified to property, plant and equipment	(551.55)
<b>at March 31, 2023</b>	<b>590.16</b>

(₹ in Lakhs)

Particulars	Amount
<b>Depreciation</b>	
<b>at April 01, 2021</b>	<b>66.99</b>
Charge for the year	14.11
Disposals	-
<b>at March 31, 2022</b>	<b>81.10</b>
Charge for the year	14.82
Disposals	-
Reclassified to property, plant and equipment	(61.22)
<b>at March 31, 2023</b>	<b>34.70</b>

(₹ in Lakhs)

Particulars	Amount
<b>Impairment loss</b>	
<b>at April 01, 2021</b>	<b>-</b>
Charge for the year	-
Disposals	-
<b>at March 31, 2022</b>	<b>-</b>
Charge for the year	92.27
Disposals	-
<b>at March 31, 2023</b>	<b>92.27</b>

<b>Net Block</b>	
<b>at March 31, 2022</b>	<b>1,055.11</b>
<b>at March 31, 2023</b>	<b>463.19</b>

**i. Amount recognised in profit and loss for investment properties**

(₹ in Lakhs)

Particulars	for the year ended	
	March 31, 2023	March 31, 2022
Rental income	15.45	22.28
Direct operating expenses from property that generated rental income	(2.91)	(1.16)
Profit from Investment property before depreciation	<b>12.54</b>	<b>21.12</b>
Depreciation for the year	(14.82)	(14.11)
Profit from Investment property after depreciation	<b>(2.28)</b>	<b>7.01</b>

**ii. Fair Value**

(₹ in Lakhs)

Particulars	as at	
	March 31, 2023	March 31, 2022
Investment property	597.43	1,338.11

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, 2023	463.19	-	-	597.43	597.43
March 31, 2022	1,055.11	-	-	1,338.11	1,338.11

**Estimation of Fair value**

Investment properties leased out by the company are cancellable leases. Fair value of the investment property as on March 31, 2023 and March 31, 2022 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, 2023

**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
<b>Cost</b>												
<b>at April 01, 2021</b>	1,389.96	3,422.24	298.98	218.70	360.06	1,001.60	78.17	523.97	-	7,293.67	468.36	468.36
Additions	-	28.58	-	164.53	15.27	49.09	-	422.46	439.25	1,119.18	44.70	44.70
Disposals	-	-	-	-	-	-	-	14.41	-	14.41	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>at March 31, 2022</b>	<b>1,389.96</b>	<b>3,450.82</b>	<b>298.98</b>	<b>383.23</b>	<b>375.33</b>	<b>1,050.69</b>	<b>78.17</b>	<b>932.02</b>	<b>439.25</b>	<b>8,398.44</b>	<b>513.06</b>	<b>513.06</b>
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	-	551.55	-	-	-	-	-	-	-	551.55	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>at March 31, 2023</b>	<b>1,389.96</b>	<b>4,002.37</b>	<b>298.98</b>	<b>673.58</b>	<b>640.83</b>	<b>1,291.07</b>	<b>73.99</b>	<b>1,485.93</b>	<b>1,789.53</b>	<b>11,646.25</b>	<b>669.03</b>	<b>669.03</b>

Depreciation												
<b>at April 01, 2021</b>	-	191.72	71.19	143.43	224.48	290.99	17.12	377.43	-	1,316.36	347.56	347.56
Charge for the year	-	49.56	7.19	52.53	41.52	78.26	8.78	142.53	1.99	382.36	37.44	37.44
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
<b>at March 31, 2022</b>	<b>-</b>	<b>241.28</b>	<b>78.38</b>	<b>195.96</b>	<b>266.00</b>	<b>369.25</b>	<b>25.90</b>	<b>519.96</b>	<b>1.99</b>	<b>1,698.72</b>	<b>385.00</b>	<b>385.00</b>
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	-	61.22	-	-	-	-	-	-	-	61.22	-	-
<b>at March 31, 2023</b>	<b>-</b>	<b>357.22</b>	<b>85.57</b>	<b>304.91</b>	<b>327.58</b>	<b>463.07</b>	<b>30.70</b>	<b>807.30</b>	<b>84.78</b>	<b>2,461.13</b>	<b>417.38</b>	<b>417.38</b>

Impairment loss												
<b>at April 01, 2021</b>	-	-	126.73	-	2.82	74.93	-	-	-	204.48	0.91	0.91
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
<b>at March 31, 2022</b>	<b>-</b>	<b>-</b>	<b>126.73</b>	<b>-</b>	<b>2.82</b>	<b>74.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204.48</b>	<b>0.91</b>	<b>0.91</b>
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-
<b>at March 31, 2023</b>	<b>-</b>	<b>-</b>	<b>126.73</b>	<b>-</b>	<b>2.82</b>	<b>74.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204.48</b>	<b>0.91</b>	<b>0.91</b>

Net Block												
<b>at March 31, 2022</b>	<b>1,389.96</b>	<b>3,209.54</b>	<b>93.87</b>	<b>187.27</b>	<b>106.51</b>	<b>606.50</b>	<b>52.27</b>	<b>412.06</b>	<b>437.26</b>	<b>6,495.24</b>	<b>127.14</b>	<b>127.14</b>
<b>at March 31, 2023</b>	<b>1,389.96</b>	<b>3,645.15</b>	<b>86.68</b>	<b>368.67</b>	<b>310.43</b>	<b>753.07</b>	<b>43.29</b>	<b>678.63</b>	<b>1,704.75</b>	<b>8,980.62</b>	<b>250.73</b>	<b>250.73</b>

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 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
<b>Total</b>	<b>2.45</b>	<b>-</b>	<b>-</b>	<b>96.60</b>	<b>99.05</b>

(₹ in Lakhs)

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

**13A. Depreciation and Amortisation charges**

Particulars	for the year ended	
	March 31, 2023	March 31, 2022
Depreciation on Property Plant and Equipment	705.17	382.36
Depreciation on Intangible Assets	32.38	37.44
Depreciation on Investment Property	14.82	14.11
<b>Total</b>	<b>752.37</b>	<b>433.91</b>

**14. Other non financial assets**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Prepaid expenses	250.57	171.32
GST input and receivables (net of liabilities)	333.64	60.54
Advance to suppliers	349.18	198.92
Others	-	77.40
<b>Total</b>	<b>933.39</b>	<b>508.18</b>

**15. Payables**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>(I) Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of other than micro enterprises and small enterprises	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>(II) Other payables</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of other than micro enterprises and small enterprises	518.50	99.25
<b>Total</b>	<b>518.50</b>	<b>99.25</b>

**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	-	-	-	-	-
<b>TOTAL</b>	<b>518.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>518.50</b>

**As at 31.03.2022**

(₹ in Lakhs)

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

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

**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, 2023	March 31, 2022
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, 2023	March 31, 2022
<b>A. At amortised cost</b>		
<b>Debentures</b>		
33750 (March 31, 2022 : 33750)'10.30% Secured, Redeemable, Non-convertible Debentures redeemable on March 13, 2026.	3,471.26	3,356.43
118650 (March 31, 2022 : 118650) '11.25% Unsecured Subordinated, Redeemable, Non-Convertible Debentures redeemable at par on June 30, 2027.	6,021.36	6,079.09
<b>Bonds</b>		
Masala Bonds 700 (March 31, 2022: 700) 11.35% Secured unrated rupee denominated (masala) green bonds due for maturity on March 29, 2024 issued overseas on a private placement basis.	3,503.03	7,008.00
<b>Total</b>	<b>12,995.65</b>	<b>16,443.52</b>
<b>B. Out of the above</b>		
- Secured under hypothecation of loans receivables	6,974.29	10,364.43
- Unsecured	6,021.36	6,079.09
<b>Total</b>	<b>12,995.65</b>	<b>16,443.52</b>
<b>C. Out of the above</b>		
- In India	9,492.62	9,435.52
- Outside India	3,503.03	7,008.00
<b>Total</b>	<b>12,995.65</b>	<b>16,443.52</b>

**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
<b>On Maturity</b>					
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
<b>Total</b>	<b>5,476.59</b>	<b>5,316.59</b>	<b>1,935.91</b>	<b>0.20</b>	<b>12,995.65</b>

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

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

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
<b>On Maturity</b>					
Issued at par and redeemable at par					
Upto 1 year	-	-	-	-	-
1 - 2 years	-	-	-	-	-
2 - 3 years	-	-	3,374.66	0.34	3,375.00
3 - 4 years	-	1,977.30	1,977.60	1,977.60	5,932.50
More than 4 years	3,500.00	3,498.82	-	-	6,998.82
Interest accrued and impact of EIR	-	-	-	-	137.21
<b>Total</b>	<b>3,500.00</b>	<b>5,476.12</b>	<b>5,352.26</b>	<b>1,977.94</b>	<b>16,443.52</b>

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

**17. Borrowings (other than debt securities)**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>(A) At amortised cost</b>		
Indian rupee loan from banks	123,900.40	72,046.05
Indian rupee loan from financial institutions	9,956.49	6,123.37
<b>Sub-total (A)</b>	<b>133,856.89</b>	<b>78,169.42</b>
<b>(B) At fair value through profit &amp; loss</b>		
Compulsory Convertible Preference Shares (CCPS)*	-	10,659.20
<b>Sub-total (B)</b>	<b>-</b>	<b>10,659.20</b>
<b>(C) Loans repayable on demand</b>		
Cash credit from banks	6,037.42	2,036.04
Working capital demand loan	213.22	534.24
<b>Sub-total (C)</b>	<b>6,250.64</b>	<b>2,570.28</b>
<b>Total (A+B)</b>	<b>140,107.53</b>	<b>91,398.90</b>
<b>(C) Out of the above</b>		
- Within India	140,107.53	91,398.90
- Outside India	-	-
<b>Total (C)</b>	<b>140,107.53</b>	<b>91,398.90</b>
<b>(D) Out of the above</b>		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)	140,107.53	91,398.90
- Unsecured	-	-
<b>Total (D)</b>	<b>140,107.53</b>	<b>91,398.90</b>

\* 63,29,839 compulsory convertible preference share have been reclassified from financial liability to equity in the current year. 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, 2023

Terms of repayment of term loans from banks &amp; 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	
<b>Monthly</b>									
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
<b>Quarterly</b>									
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
<b>On Maturity</b>									
upto 1 year	-	213.12	-	-	-	-	-	-	213.12
<b>Interest accrued and impact of EIR</b>									(110.37)
<b>Total</b>	<b>732</b>	<b>42,927.30</b>	<b>732</b>	<b>38,348.18</b>	<b>732</b>	<b>30,479.65</b>	<b>2,562</b>	<b>22,425.36</b>	<b>134,070.11</b>

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

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

Original Maturity of loan	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	No. of installments	₹ in lakhs	
<b>Monthly</b>									
upto 1 year	-	-	-	-	-	-	-	-	-
2 - 3 year	93	4,631.03	55	3,328.22	14	1,351.12	-	-	9,310.37
3 - 4 years	84	3,538.47	72	3,149.53	71	3,142.37	54	2,195.46	12,025.83
More than 4 years	255	10,963.13	232	9,669.45	171	7,671.22	160	8,163.05	36,466.85
<b>Quarterly</b>									
upto 1 year	2	2,000.00	-	-	-	-	-	-	2,000.00
2 - 3 year	4	833.33	4	833.33	4	851.90	-	-	2,518.56
3 - 4 years	12	1,203.35	12	1,197.38	8	805.00	1	125.00	3,330.73
More than 4 years	15	2,968.27	11	2,807.38	8	2,666.66	13	4,111.12	12,553.43
<b>On Maturity</b>									
upto 1 year	7	534.24	-	-	-	-	-	-	534.24
<b>Interest accrued and impact of EIR</b>									(36.36)
<b>Total</b>	<b>472</b>	<b>26,671.82</b>	<b>386</b>	<b>20,985.29</b>	<b>276</b>	<b>16,488.27</b>	<b>228</b>	<b>14,594.63</b>	<b>78,703.65</b>

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



**18. Subordinated liabilities**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>A. At amortised cost</b>		
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	2,875.19	-
<b>Total (A)</b>	<b>2,875.19</b>	<b>-</b>
<b>B. Out of the above</b>		
- Within India	2,875.19	-
- Outside India	-	-
<b>Total (B)</b>	<b>2,875.19</b>	<b>-</b>
<b>C. Out of the above</b>		
- Secured (Against hypothecation of equipments, plant and machinery, book debts and equitable / registered mortgage of immovable property etc.)		
- Unsecured	2,875.19	-
<b>Total (C)</b>	<b>2,875.19</b>	<b>-</b>

**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
<b>Yearly</b>					
Issued at par and redeemable at par					
More than 3 years	-	-	-	3,000.00	3,000.00
<b>Interest accrued and impact of EIR</b>	-	-	-	-	(124.81)
<b>Total</b>	-	-	-	<b>3,000.00</b>	<b>2,875.19</b>

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

**Terms of repayment as at March 31, 2022**

Original maturity of sub-ordinated liabilities	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
<b>Yearly</b>					
Issued at par and redeemable at par					
More than 5 years	-	-	-	-	-
<b>Interest accrued and impact of EIR</b>	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**19. Other financial liabilities**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Cash collateral <sup>#</sup>	16,818.39	13,226.48
Unrecognised Fair value gain (Liability)	720.34	325.67
Security deposit on Leased Assets	286.38	-
Employee benefits payables	6.87	138.26
Unpaid dividend	4.04	4.04
Payable towards assignment / securitisation transactions	1,657.39	1,048.26
Advance from customers	188.82	603.75
Payable to customers / borrowers	6,129.47	6,067.79
Other financial liabilities	618.79	1,399.04
Lease Liability (Note 42)	784.30	435.59
<b>Total</b>	<b>27,214.79</b>	<b>23,248.88</b>

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


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**20. Current tax liabilities**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Provision for taxation (Net of advance tax & TDS receivable)	1,754.35	1,110.74

**21. Provisions**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Provision for employee benefits</b>		
Provision for gratuity (refer note 44)	131.00	86.64
Provision for leave benefits (refer note 44)	157.51	108.47
Provision on undrawn loan commitments	105.04	-
<b>Total</b>	<b>393.55</b>	<b>195.11</b>

**22. Other non financial liabilities**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Statutory dues payable	205.18	63.86
Others expenses payable	288.13	-
<b>Total</b>	<b>493.31</b>	<b>63.86</b>

**23. Share capital**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Share Capital (In Numbers):</b>		
<b>Authorized:</b>		
3,00,00,000 (Previous year: 3,00,00,000) equity shares of Rs.10 each	3,000.00	3,000.00
70,00,000 (Previous year : 70,00,000) CCPS of Rs. 20 each	1,400.00	1,400.00
	<b>4,400.00</b>	<b>4,400.00</b>
<b>Issued, subscribed and fully paid-up:</b>		
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 : NIL) CCPS of Rs.20 each*	1,265.37	-
<b>TOTAL</b>	<b>3,518.83</b>	<b>2,253.46</b>

\* 63,29,839 compulsory convertible preference share have been transferred from financial liability to equity in the current year. 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. Till the previous year, the number of shares were fixed, but consideration per share was not fixed. During the year, 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 reclassified from financial liability to equity.

**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, 2023		March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	6,326,839	1,265.37	6,326,839	1,265.37
Issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>6,326,839</b>	<b>1,265.37</b>	<b>6,326,839</b>	<b>1,265.37</b>

**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, 2023		March 31, 2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the year	22,534,645	2,253.46	22,534,645	2,253.46
Issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>22,534,645</b>	<b>2,253.46</b>	<b>22,534,645</b>	<b>2,253.46</b>

**b. Terms / rights attached to equity shares**

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

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

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

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

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022		% change during the year
	No. of Shares	% holding	No. of Shares	% holding	
<b>Equity shares of Rs.10 each</b>					
Electronica Industries Limited	10,517,125	46.67%	10,517,125	46.67%	0.00%
Mugdha Investment & Finance Private Limited	9,547,120	42.37%	9,547,120	42.37%	0.00%
Mr. Shrikant Raghunath Pophale	-	-	1,467,869	6.51%	-100.00%
Smt. Manisha S Pophale	1,611,489	7.15%	-	-	-
<b>Preference shares</b>					
ESF Holdings	6,326,839	100.00%	-	-	-

**e. Disclosure of shareholding of promoters**

Disclosure of shareholding of promoters as at March 31, 2023 is as follows:

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022		% change during the year
	No. of Shares	% holding	No. of Shares	% holding	
Mr. Shrikant Raghunath Pophale	-	0.00%	1,467,869	6.51%	-100.00%
Smt. Manisha S Pophale	1,611,489	7.15%	143,620	0.64%	1022.05%
Ms. Shilpa Pophale	66,500	0.30%	36,500	0.14%	82.19%
Mrs. Priya Dharmadhikari	30,500	0.14%	30,500	0.13%	0.00%
Mrs. Mugdha Rahul Kaskhediker	22,000	0.10%	22,000	0.10%	0.00%
Mr. Sujit Natekar	34,333	0.15%	34,333	0.15%	0.00%
Mr. Adwait Dharmadhikari	500	0.00%	500	0.00%	0.00%
Mr. Rahul Kaskhediker	33,834	0.15%	33,834	0.15%	0.00%
Mr. Shashikant Dharmadhikari	500	0.00%	500	0.00%	0.00%
Adwait Dharmadhikari (HUF)	33,833	0.15%	33,833	0.15%	0.00%
Mr. Sharad Natekar	1,000	0.00%	1,000	0.00%	0.00%
Sujit Natekar (HUF)	500	0.00%	500	0.00%	0.00%
M/s Electronica Hi Tech Machine Tools Private Limited	100,000	0.44%	100,000	0.44%	0.00%
M/s Electronica Industries Limited	10,517,125	46.67%	10,517,125	46.67%	0.00%
M/s Mugdha Investment & Finance Private Limited	9,547,120	42.37%	9,547,120	42.37%	0.00%

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


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**24. Other equity**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>(I) Securities premium account</b>		
Balance as per last financial statements	261.77	261.77
Add: additions/transfer during the year*	9,451.02	-
Less: utilised during the year	-	-
<b>Closing balance</b>	<b>9,712.79</b>	<b>261.77</b>
<b>(II) Retained earnings</b>		
Balance as per last financial statements	12,428.98	10,216.00
Profit for the year	4,177.01	2,892.73
Less:		
Retirement benefit - Actuarial gains / (Loss)	(31.23)	18.67
Tax impact on above	7.86	4.70
Adjustment	-	-
Transfer to Statutory Reserve (20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934)	835.40	578.55
Dividend and related distribution tax	-	124.57
<b>Closing balance</b>	<b>15,747.22</b>	<b>12,428.98</b>
<b>Other reserves</b>		
<b>(I) Statutory reserve as required by section 45-IC of Reserve Bank of India Act, 1934</b>		
Balance as per last financial statements	4,192.52	3,613.97
Add: amount transferred from statement of profit and loss	835.40	578.55
<b>Closing balance</b>	<b>5,027.92</b>	<b>4,192.52</b>
<b>(II) General reserve</b>		
Balance as per last financial statements	2,230.24	2,230.24
Add : Transferred from Revaluation Reserve	-	-
<b>Closing balance</b>	<b>2,230.24</b>	<b>2,230.24</b>
<b>(III) Capital reserves</b>		
Balance as at the beginning of the year	6.76	6.76
<b>Balance as at the end of the year</b>	<b>6.76</b>	<b>6.76</b>
<b>(IV) Capital redemption reserve</b>		
Balance as at the beginning of the year	4.89	4.89
<b>Balance as at the end of the year</b>	<b>4.89</b>	<b>4.89</b>
<b>(V) Employee stock option outstanding</b>		
Balance as per last financial statements	109.50	92.02
Add: compensation of options granted during the year	16.27	17.48
<b>Closing balance</b>	<b>125.77</b>	<b>109.50</b>
<b>Total</b>	<b>32,855.60</b>	<b>19,234.66</b>

\* 63,29,839 compulsory convertible preference share have been transferred from financial liability to equity in the current year. 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. Till the previous year, the number of shares were fixed, but consideration per share was not fixed. During the year, 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 reclassified from financial liability to equity and corresponding premium amount received against such shares has been reported under Securities Premium Account.

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

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

**(ii) Retained earnings**

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

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

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

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

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

**(iv) General reserve**

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

**(v) 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, 2023	March 31, 2022
<b>Interest on loans</b>		
Interest income on portfolio loans	28,590.40	18,675.52
<b>Total</b>	<b>28,590.40</b>	<b>18,675.52</b>

**26. Fees and commission income**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<b>Other operating revenue</b>		
Prepayment charges	182.91	291.16
Fees and commission income	695.82	351.69
<b>Total</b>	<b>878.73</b>	<b>642.85</b>

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

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Net gain on sale of financial assets at amortised cost	1,392.82	1,381.06
<b>Total</b>	<b>1,392.82</b>	<b>1,381.06</b>

**28. Sale of services**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Income from credit delivery arrangement	46.63	31.10
<b>Total</b>	<b>46.63</b>	<b>31.10</b>

**29. Recoveries of financial assets written off**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Recoveries of financial assets written off	41.57	101.71
<b>Total</b>	<b>41.57</b>	<b>101.71</b>

**30. Net gain on fair value changes**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Net Gain on fair value changes	425.27	545.32
<b>Total</b>	<b>425.27</b>	<b>545.32</b>


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**31. Other income**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Interest on margin money deposits	142.18	94.13
Infrastructure charges received	356.20	189.89
Dividend	0.04	0.01
Profit on sale of mutual funds	120.79	59.67
Profit on sale of Investments	-	20.38
Profit on sale of fixed asset	0.94	-
Other non-operating income	501.60	238.63
<b>Total</b>	<b>1,121.75</b>	<b>602.72</b>

**32. Finance cost**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Interest		
on term loans from banks	8,289.63	4,508.96
on non convertible debentures (including subordinated debts)	1,962.25	2,005.40
on cash credit from banks	137.27	46.11
on working capital demand loan	24.56	34.30
on cash collateral	1,159.62	1,295.99
on lease liability (Note 42)	74.53	33.68
on others	62.89	105.39
Bank charges	24.47	15.70
Processing fees	39.03	31.36
Other finance costs	185.33	90.21
<b>Total</b>	<b>11,959.58</b>	<b>8,167.10</b>

**33. Customer loyalty bonus**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Customer loyalty bonus	1,525.16	1,785.12
<b>Total</b>	<b>1,525.16</b>	<b>1,785.12</b>

**34. Impairment on financial instruments**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
On loans	303.63	322.57
Portfolio loans and other balances written off	1,665.14	565.19
<b>Total</b>	<b>1,968.77</b>	<b>887.76</b>

**35. Employee benefit expenses**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Salaries and incentives	7,056.41	4,563.57
Contribution to provident and other funds	390.69	232.27
Staff welfare expenses	130.77	57.77
Employee stock option scheme (refer note 43)	16.27	17.48
<b>Total</b>	<b>7,594.14</b>	<b>4,871.09</b>

**36. Other expenses**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Rent, rates and taxes	35.50	5.25
Electricity expenses	85.84	56.78
Insurance	125.24	76.03
Payment to the auditors (refer note below)	21.75	21.90
Legal and professional fees	487.68	427.91
GST expenses	286.07	83.61
Telephone expenses	55.88	22.22
CSR expenditure (refer note 49)	63.29	76.47
Donation	13.01	5.00
Business promotion expenses	299.23	190.45
Conference expenses	72.93	21.84
Travelling / conveyance expenses	801.19	382.93
Directors' sitting fees	8.25	7.50
IT expenses	303.93	327.56
Training and recruitment	167.77	81.64
Other balances written off	13.28	-
Repair and Maintenance		
- Building	0.97	0.47
- Furniture & Fixtures	3.66	1.94
- Electricals Equipments	15.79	9.36
- Vehilces	8.37	2.04
- Others	35.91	9.05
Postage, Printing and Stationary	93.91	41.35
Office Expenses	115.60	53.47
Impairment loss on investment property	92.27	-
Miscellaneous expenses	113.84	44.51
<b>Total</b>	<b>3,321.16</b>	<b>1,949.28</b>

**Payment to auditors**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
As auditor :		
Audit fees	19.25	12.00
Limited review	-	7.25
Certification	2.50	2.50
Reimbursement of expenses	-	0.15
<b>Total</b>	<b>21.75</b>	<b>21.90</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
<b>Guarantees</b>		
Corporate guarantee against credit delivery arrangements	717.13	551.79
<b>Other amounts for which the Company is contingently liable</b>		
Income tax	4.81	139.36

**b. Capital and other commitments**

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Other commitments – towards partially disbursed/un-encashed loans	8,970.30	1,822.30

\*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, 2023	March 31, 2022
Net Profit after tax (A)	4,177.01	2,892.73
Net Profit after tax including finance cost in respect of CCPS (B)	4,177.01	2,892.73
Weighted average number of equity shares in calculating Basic EPS (C)	225.35	225.35
Add: Effect of dilution:		
Stock options granted under ESOP	1.19	1.22
Compulsory Convertible Preference shares	63.27	63.27
Weighted average number of equity shares in calculating Diluted EPS (D)	289.80	289.83
<b>Basic EPS (A/C)</b>	<b>18.54</b>	<b>12.84</b>
<b>Diluted EPS (B/D)</b>	<b>14.41</b>	<b>9.98</b>

**38. Segment information**

The Company operates in a single business segment i.e. financing, which has similar risks and returns for the purpose of IndAS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**40. Revenue from contract with customers**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
<b>Type of services</b>		
Sale of services	46.63	31.10
<b>Total</b>	<b>46.63</b>	<b>31.10</b>
<b>Geographical markets</b>		
India	46.63	31.10
Outside India	-	-
<b>Total</b>	<b>46.63</b>	<b>31.10</b>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	46.63	31.10
Services transferred over time	-	-
<b>Total</b>	<b>46.63</b>	<b>31.10</b>

**Contract balances**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Receivable from customers under credit delivery arrangement* (Note 6)	77.87	-

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



**41. Disclosure of transactions with related parties as required by Ind AS 24**

List of the Related Party and Nature of the Related Party Relationship as identified by the key management persons are classified as under:

Name of the Related Party	Nature of Relationship
Mugdha Investment & Finance Private Limited	Holding Company
Electronica Industries Limited Electronica Tungsten Limited Electronica Hi-Tech Engineering Private Limited Kashedikar Enterprises Private limited Dharmadhikari Enterprises Private Limited	Fellow Subsidiary
Shilpa S. Pophale - Managing Director Jagdish Bhoir (CFO upto July 06, 2022) Vivekanand Ramachandran (CFO w.e.f. September 09, 2022) Khwahish Rawal (CS upto June 21, 2023)	Key Management Personnel (KMP)
Mr. Milind Limaye (upto March 26, 2022) 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 Shrikant R. Pophale (Expired on April 28, 2021) Priya A. Dharmadhikari Harsh S. Natekar (w.e.f. April 28, 2022) Sujit S. Natekar - Additional Director (Non Executive) Mugdha R. Kashediker	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, 2023	March 31, 2022
<b>Key Managerial Personnel</b>		
<b>1. Shilpa Shrikant Pophale</b>		
Directors remuneration	144.70	128.40
Loan accepted	-	40.00
Loan repaid	0.04	40.12
Interest paid on loan	0.01	0.09
Balance outstanding	0.12	0.14
<b>2. Sujit S. Natekar</b>		
Loan accepted	7.50	-
Loan repaid	96.35	93.62
Interest paid on Loan	3.34	9.30
Balance outstanding	1.44	86.95
<b>3. Jagdish Bhoir</b>		
- Salary & incentives	17.49	45.59
- Loan receivable	15.50	15.50
<b>4. Vivekanand Ramachandran</b>		
- Salary & incentives	64.54	-
<b>5. Khwahish Rawal</b>		
- Salary & incentives	12.48	7.99
<b>Independent Director</b>		
<b>3. Mr. Milind Limaye (upto March 26, 2022)</b>		
Sitting Fees	-	3.75
<b>4. Mr. Mohan Tanksale</b>		
Sitting Fees	4.00	3.75
<b>5. Mrs. Smita Sandhane</b>		
Sitting Fees	3.75	-
<b>6. Mrs. Sandhya Vasudevan</b>		
Sitting Fees	0.50	-
Reimbursement of expenses	0.09	-
<b>Relative of Key Management Personnel</b>		
<b>7. Shrikant R. Pophale (Expired on April 28, 2021)</b>		
Management consultancy fees	-	-
Loan accepted	-	-
Loan repaid	-	142.07
Interest paid on Loan	-	0.79
Balance outstanding	-	0.79


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

Nature of transaction/ Relationship/ Name of related parties	March 31, 2023	March 31, 2022
<b>8. Manisha Shrikant Pophale</b>		
Loan accepted	50.00	580.07
Loan repaid	68.06	762.32
Interest paid on Loan	3.35	8.18
Balance outstanding	5.39	20.10
<b>9. Harsh S Natekar</b>		
Salary	2.54	
Loan accepted	65.00	-
Loan repaid	40.85	23.77
Interest paid on Loan	16.19	12.50
Balance outstanding	205.77	165.43
<b>Enterprises over which KMP &amp; their relatives exercise significant influence</b>		
<b>10. Electronica Hitech Machine Tools Private Limited.</b>		
ICD accepted	50.00	275.00
ICD repaid	310.00	25.00
Interest credit on ICD	5.12	11.09
Interest paid on ICD	5.44	0.77
ICD payable	0.00	260.32
ICD placed	100.00	
Interest on ICD	0.40	
Interest received	0.40	
ICD repaid	100.00	
ICD receivable	-	
<b>11. Electronica Tungsten Limited</b>		
Rent received	-	1.23
<b>12. Electronica Hitech Engineering Private Limited</b>		
New business loan	37.50	-
Interest charged	3.69	1.55
Repayment	7.09	3.65
Repayment of loan	-	58.46
Loans Outstanding	34.10	-
ICD placed	-	-
Interest received on ICD	-	0.59
Interest income on ICD	-	1.07
ICD Repaid	-	51.07
<b>13. Sujit Sharad Natekar (HUF)</b>		
Monthly Rent for Guest house	3.30	3.30

\* Transaction values are excluding taxes and duties.

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

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

#### 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, 2023	March 31, 2022
Opening Balance	412.06	146.54
Addition	615.29	422.46
Depreciation	287.34	142.53
Deletion	61.38	14.41
Closing Balance (Note 13)	678.63	412.06

**Lease Liability Movement**

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Opening Balance	435.59	169.36
Addition during the year	615.29	422.46
Interest on Lease Liability (Refer note 32)	74.53	33.68
Deletion during the year	65.16	34.21
Lease rental payments	275.99	155.70
Adjustment	0.04	-
Closing Balance (Note 19)	784.30	435.59

**Future Undiscounted lease cash outflow for all leased assets as at March 31, 2023 :**

(₹ in Lakhs)

Particulars	Not later than one year	Between one to five years	Later than five years
Lease cash outflow	325.83	604.38	43.88

**Maturity Analysis of Undiscounted Lease Liability as at March 31, 2023 :**

(₹ in Lakhs)

Particulars	Not later than one year	Between one to five years	Later than five years
Lease Liability	193.28	197.51	17.88

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

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

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Operating lease payments recognized in the Statement of Profit & Loss	10.44	-

**Amounts recognised in statement of profit or loss:**

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Depreciation expense of right-of-use assets (Note 13)	287.34	142.53
Interest expense on lease liabilities (Note 32)	74.53	33.68
Expense relating to short-term leases	10.44	-
<b>Total amount recognised in profit or loss</b>	<b>372.31</b>	<b>176.21</b>

**43. Stock Option Scheme**

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

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

The Board of Directors at its meeting held on May 28, 2019, approved an issue of stock options aggregating to 1,27,970 equity shares of the face value of Rs. 10 each in a manner provided in Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and other Rules framed thereunder. The shareholders of the Company vide their special resolution passed approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s) on May 28, 2019. The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, grant has been made as of March 31, 2020.

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

The Board of Directors at its meeting held on Nov 10, 2021, approved an issue of stock options aggregating to 8,072 equity shares of the face value of Rs. 10 each in a manner provided in Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014 and other Rules framed thereunder. The shareholders of the Company vide their special resolution passed approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s) on Nov 10, 2021. The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, grant has been made as of March 31, 2022, details of which, are given as under:

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

The Board of Directors at its meeting held on Aug 26, 2022, approved an issue of stock options aggregating to 1,03,000 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 shareholders of the Company vide their special resolution passed approved the issue of equity shares of the Company under one or more Employee Stock Option Scheme(s) on Aug 26, 2022. The Nomination and Remuneration Committee of the Company has approved the following grants to select senior level executives of the Company in accordance with the Stock Option Scheme. Under the scheme, grant has been made as of March 31, 2023, details of which, are given as under:

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	-	8072	57072	102951	50853
Options granted	103000	-	4000	2786	1503
Options vested and exercisable	-	-	17820	58093	46194
Options unvested	103000	3072	36180	29927	-
Options cancelled	-	5000	7072	17717	6162
<b>Options outstanding</b>	<b>103000</b>	<b>3072</b>	<b>54000</b>	<b>88020</b>	<b>46194</b>

Particulars	March 31, 2022			
	November 10, 2021	August 24, 2020	May 28, 2019	January 25, 2018
Grant date				
Exercise price (Rs.)	Rs. 170.19 per option	Rs. 169.38 per option	Rs. 10 per option	Rs. 10 per option
Outstanding at the beginning of the year	-	68072	117149	60840
Options granted	8072	-	-	-
Options vested and exercisable	-	-	35003	50853
Options unvested	-	57072	67948	-
Options cancelled	-	11000	14198	9987
<b>Options outstanding</b>	<b>8072</b>	<b>57072</b>	<b>102951</b>	<b>50853</b>

Grant date	Exercise price (Rs./option)	Options granted	Options vested and exercisable	Options unvested	Options cancelled	Options outstanding
January 25, 2018	Rs. 10	81755	46194	-	35561	46194
May 28, 2019	Rs. 10	130756	58093	29927	42736	88020
August 24, 2020	Rs. 169.38	72072	17820	36180	18072	54000
November 10, 2021	Rs. 169.38	8072	-	3072	5000	3072
August 26, 2022	Rs. 169.38	103000	-	103000	-	103000

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

Particulars	March 31, 2023	March 31, 2022
	Grant date	August 26, 2022
Number of options granted	111289	8072
Weighted average fair value (Rs.)	57.90	37.32

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	218948	15.88	15.88	1.42
Granted during the year	111289	163.24	163.24	3.00
Cancelled during the year	35951	15.88	15.88	-
Expired during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	294286	71.61	71.61	2.02
Exercisable at the end of the year	122107	33.26	33.26	-

- 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

for the year ended March 31, 2023, the Company has accounted expense of Rs. 16.27 lakhs employee benefit expenses (note no. 35) on the aforesaid employee stock option plan (Previous year Rs 17.48 lakhs ). The balance in employee stock option outstanding account is Rs. 125.77 lakhs as of March 31, 2023 (Previous year Rs. 109.50 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:	615621
b. Options granted under the scheme up to March 31, 2023	395655
c. Options cancelled up to March 31, 2023 and added back to pool for future grants	101369
d. Net ESOP Granted	294286
e. Balance available under the scheme for future grants (e=a-b+c)	321335

**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, 2023	March 31, 2022
Defined benefit obligation as at the opening of the year	296.78	263.06
Current service cost	31.59	63.61
Interest on defined benefit obligation	13.15	11.25
Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	(12.22)	11.85
Actuarial loss/(gain) arising from change in demographic assumptions	(0.51)	(18.06)
Actuarial loss/(gain) arising on account of experience changes	39.49	(10.32)
Benefits paid by employer	(20.09)	(24.61)
Benefits paid by fund	-	-
Liabilities assumed/(settled)	-	-
<b>Defined benefit obligation as at the end of the year</b>	<b>348.19</b>	<b>296.78</b>


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**Movement in plan assets :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Fair value of the asset as at the beginning of the year	210.14	197.08
Employers contributions	-	-
Interest on plan assets	11.52	10.92
Actuarial loss/(gain)	(4.47)	2.14
Remeasurements due to:		
Actual return on plan assets less interest on plan asset	-	-
Benefits paid	-	-
Assets acquired/(settled)	-	-
<b>Fair value of plan asset as at the end of the year</b>	<b>217.19</b>	<b>210.14</b>

**Reconciliation of net liability/asset :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Net defined benefit liability/(asset) as at the beginning of the year	86.64	65.98
Expense charged to Statement of Profit and Loss	33.22	63.94
Amount recognised in other comprehensive income	31.23	(18.66)
Employer contributions/payments	(20.09)	(24.61)
<b>Net defined benefit liability/(asset) as at the end of the year</b>	<b>131.00</b>	<b>86.64</b>

**Expenses charged to the Statement of Profit and Loss :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Current service cost	31.59	63.61
Interest cost	1.64	0.33
<b>Total</b>	<b>33.23</b>	<b>63.94</b>

**Movement in asset ceiling :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Value of asset ceiling as at the beginning of the year	-	-
Interest on opening balance of asset ceiling	-	-
Remeasurements due to change in surplus/deficit	-	-
<b>Value of asset ceiling as at the end of the year</b>	<b>-</b>	<b>-</b>

**Remeasurement (gains)/losses in other comprehensive income:**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Opening amount recognised in other comprehensive income	(54.03)	(35.37)
Changes in financial assumptions	(12.22)	11.85
Changes in demographic assumptions	(0.51)	(18.06)
Experience adjustments	39.49	(10.32)
Actual return on plan assets less interest on plan assets	4.47	(2.13)
Adjustment to recognise the effect of asset ceiling	-	-
<b>Closing amount recognised outside profit or loss in other comprehensive income</b>	<b>(22.80)</b>	<b>(54.03)</b>

**Amount recognised in Balance Sheet :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Present value of Unfunded defined benefit obligation	348.19	296.78
Fair value of plan assets	217.19	210.14
Net funded obligation	131.00	86.64
Amount not recognised due to asset limit	-	-
Present value of Funded defined benefit obligation	-	-
<b>Net defined benefit liability recognised in Balance Sheet</b>	<b>131.00</b>	<b>86.64</b>

**Current/Non-Current Bifurcation**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Current Benefit obligations	129.88	109.10
Non - Current Benefit obligations	218.31	187.68
<b>(Asset)/Liability recognised in the Balance Sheet</b>	<b>348.19</b>	<b>296.78</b>

**Actual Return on Plan Assets**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Interest Income on Plan Assets	11.52	10.92
Remeasurements on Plan Assets	(4.47)	2.14
	<b>7.05</b>	<b>13.06</b>

**Key actuarial assumptions :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Economic Assumptions</b>		
Discount rate (p.a.)	7.24%	5.48%
Salary escalation rate (p.a.)	10.00%	10.00%
Expected Rate of Returns on Assets	7.24%	5.48%
Rate of Future Salary increase	10.00%	10.00%
<b>Demographic Assumptions</b>		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 80.00% Non-Sales - 40.00%	Sales - 68.90% Non-Sales - 43.90%
Retirement age	55 years	55 years
<b>Category of plan assets</b>		
Insurer managed funds	100%	100%

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

**Sensitivity analysis for significant assumptions is as shown below :**

(₹ in Lakhs)

Particulars	As at					
	March 31, 2023			March 31, 2022		
	Discount rate	Salary escalation rate	Withdrawal rate	Salary escalation rate	Discount rate	Withdrawal rate
Impact of increase in 100 bps on defined benefit obligation	(6.72)	8.19	(0.86)	(3.43)	4.58	(0.79)
Impact of decrease in 100 bps on defined benefit obligation	7.05	(7.95)	0.89	4.53	(4.14)	0.88


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**Projected plan cash flow :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Maturity Profile :		
Expected benefits for year 1	134.50	112.05
Expected benefits for year 2	82.19	67.69
Expected benefits for year 3	57.71	48.65
Expected benefits for year 4	62.77	34.82
Expected benefits for year 5	21.29	37.02
Expected benefits for year 6 and above	42.98	35.67

**Expected contribution to fund in the next year:**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
Expected contribution to fund in the next year	141.46	118.22

**(B) Compensated absences**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Maturity Profile</b>		
Present value of unfunded obligations	157.51	108.47
Expense recognised in the Statement of Profit and Loss	88.23	30.39
Discount rate (p.a.)	7.25%	5.48%
Salary escalation rate (p.a.)	10.00%	10.00%

**Key actuarial assumptions :**

(₹ in Lakhs)

Particulars	As At	
	March 31, 2023	March 31, 2022
<b>Economic Assumptions</b>		
Discount rate (p.a.)	7.25%	5.48%
Salary escalation rate (p.a.)	10.00%	10.00%
Expected Rate of Returns on Assets	N.A.	N.A.
<b>Demographic Assumptions</b>		
Mortality	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Employee Turnover/Withdrawal rate	Sales - 80.00% Non-Sales - 40.00%	Sales - 68.90% Non-Sales - 43.90%
Leave availment ratio	2.00%	2.00%
Retirement age	55 years	55 years

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

**45 Events after reporting date**

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



**46. Fair values**

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

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

**Valuation framework**

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

The Company's valuation framework includes:

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

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

**Valuation methodologies adopted**

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

\* Fair values of investments held for trading under FVTPL have been determined under level 1 (refer note no. 47) using quoted market prices of the underlying instruments;

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

**47. Fair value hierarchy**

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

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

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

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

**Quantitative disclosures of fair value measurement hierarchy for assets as at March 31, 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)	
<b>Financial assets</b>					
Investments	March 31, 2023	4.92	-	0.56	5.48
<b>Financial liabilities</b>					
Compulsory Convertible Preference Shares (CCPS)	March 31, 2023	-	-	0.00	0.00

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

(₹ 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)	
<b>Financial assets</b>					
Investments	March 31, 2022	5.38	-	0.56	5.94
<b>Financial liabilities</b>					
Compulsory Convertible Preference Shares (CCPS)	March 31, 2022	-	-	10,659.20	10,659.20

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

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

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
Opening balance	0.56	11.71
Acquisitions during the year	-	-
Disposals during the year	-	11.15
Fair value gains/losses recognised in profit or loss	-	-
Gains / (losses) recognised in other comprehensive income	-	-
Closing balance	0.56	0.56

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

(₹ in Lakhs)

Particulars	Fair value measurement using				Total
	Carrying value	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets</b>					
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
<b>Financial Liabilities</b>					
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 of financial instruments not measured at fair value as at March 31, 2022 :

(₹ in Lakhs)

Particulars	Fair value measurement using				Total
	Carrying value	Quoted prices in active (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets</b>					
Cash and cash equivalents	8,967.27	8,967.27	-	-	8,967.27
Bank balances other than cash and cash equivalents	8,666.41	8,666.41	-	-	8,666.41
Other receivables -	-	-	-	-	-
Loans	126,093.08	-	-	126,093.08	126,093.08
Other financial assets	756.18	-	-	756.18	756.18
<b>Financial Liabilities</b>					
Other payables	99.25	-	-	99.25	99.25
Debt securities	16,443.52	-	-	13,450.99	13,450.99
Borrowings (Other than debt securities)	91,398.90	-	-	81,101.45	81,101.45
Other financial liabilities	23,248.88	-	-	23,248.88	23,248.88

## 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, 2023 and March 31, 2022.

**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, 2023	March 31, 2022
Tier I capital	32,853.96	27,093.90
Tier II capital	4,521.01	1,793.18
<b>Total</b>	<b>37,374.97</b>	<b>28,887.08</b>
Risk weighted assets (RWA)	193,732.38	131,131.47
Tier I CRAR	16.92%	20.57%
Tier II CRAR	2.33%	1.36%

**Note 1:** CRAR as at March 31, 2023 & March 31, 2022 is on the basis of CRAR filed with RBI.

**Note 2:** For previous year the Compulsory Convertible Preference Shares (CCPS) issued by the Company to ESF Holdings, a private equity investor, has been reported as part of 'Borrowings (other than debt securities)' as it meets the criteria specified in definition of financial liability under Ind AS 32. However, the same has been included as Tier-1 Capital for calculation of CRAR as per RBI guidelines.

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

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Dividend on equity shares (a)	-	-
Profit after tax for the year ended 31 March 2023 (b)	4,177.01	2,892.73
Dividend proposed as a percentage of profit after tax (a/b)	0.00%	0.00%

**49. Details of CSR expenses:**

(₹ in Lakhs)

Particulars	For the year ended	
	March 31, 2023	March 31, 2022
a) Gross amount required to be spent by the Company during the year	51.13	48.83
b) Amount spent during the year on purposes other than construction/acquisition of any asset :	63.29	76.47
Amount Spent		
Yet to be spent / (excess spent)	(12.16)	(27.64)

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, 2023 and March 31, 2022.

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, 2023 and March 31, 2022.

**50.** As required under section 203 of the Companies Act, 2013, the Company is in the process of appointing a Company Secretary in place of Mrs. Khwahish Rawal, who resigned from the position of Company Secretary of the Company with effect from the closing hours of June 21, 2023.

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

**51. Ratios:**

Particulars	Numerator	Denominator	Ratio 31st March 2023	Ratio 31st March 2022	% of variance	Reasons for variance (if above 25%)
Capital to risk-weighted assets ratio (CRAR)	Total Capital Funds	Risk Weighted Assets	19.25%	21.93%	-12.24%	NA
Tier I CRAR	Net Owned Funds	Risk Weighted Assets	16.92%	20.57%	-17.75%	NA
Tier II CRAR	Deferred Revenue Expenditure +Deferred Tax+Intangible Asset	Risk Weighted Assets	2.33%	1.36%	71.00%	Tier II capital raised during the year

**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.

**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 2022-23.

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, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Debt securities	8,199.90	6,039.51	14,239.42	4,999.99	14,515.11	19,515.10
Borrowings (Other than debt securities)	51,166.38	102,212.56	153,378.94	33,050.36	68,719.54	101,769.90
Subordinated liabilities	377.53	4,600.90	4,978.43	-	-	-
Other financial liabilities	15,033.54	12,181.25	27,214.79	8,452.71	14,796.17	23,248.88
<b>Financial Assets</b>						
Loans	61,363.87	157,497.50	218,861.37	44,884.63	83,087.08	127,971.71
Cash and cash equivalents	5,791.15	-	5,791.15	8,967.27	-	8,967.27
Bank balances other than cash and cash equivalents	7,463.35	903.77	8,367.12	8,503.11	163.30	8,666.41
Investments	-	5.48	5.48	-	5.94	5.94
Other financial assets	341.76	47.45	389.21	521.38	234.80	756.18

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


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

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, 2023			March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	5,791.15	-	5,791.15	8,967.27	-	8,967.27
Bank balances other than cash and cash equivalents	7,463.35	903.77	8,367.12	8,503.11	163.30	8,666.41
Receivables		-			-	
Trade receivables		-			-	
Other receivables	77.87	-	77.87			-
Loans	60,075.54	135,937.73	196,013.27	52,309.50	73,783.58	126,093.08
Investments	-	5.48	5.48		5.94	5.94
Other financial assets	341.76	47.45	389.21	521.38	234.80	756.18
<b>Non financial assets</b>						
Current tax assets	-	513.75	513.75	-	356.37	356.37
Deferred tax assets (Net)	-	842.47	842.47	-	920.86	920.86
Investment property	-	463.19	463.19	-	1,055.11	1,055.11
Property, plant and equipment	-	8,980.62	8,980.62	-	6,495.24	6,495.24
Intangible assets	-	250.73	250.73	-	127.14	127.14
Capital work in progress	-	99.05	99.05	-	96.60	96.60
Other non financial assets	933.39	-	933.39	508.18	-	508.18
<b>Total Assets</b>	<b>74,683.06</b>	<b>148,044.24</b>	<b>222,727.30</b>	<b>70,809.44</b>	<b>83,238.94</b>	<b>154,048.38</b>
<b>LIABILITIES AND EQUITY</b>						
<b>Liabilities</b>						
<b>Financial Liabilities</b>						
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	518.50	-	518.50	99.25	-	99.25
Debt securities	5,742.95	7,252.70	12,995.65	3,637.21	12,806.31	16,443.52
Borrowings (Other than debt securities)	48,481.25	91,626.28	140,107.53	26,647.87	64,751.03	91,398.90
Subordinated liabilities	-	2,875.19	2,875.19	-	-	-
Other financial liabilities	15,033.54	12,181.25	27,214.79	8,452.71	14,796.17	23,248.88
<b>Non financial liabilities</b>						
Current tax liabilities	1,754.35	-	1,754.35	1,110.74	-	1,110.74
Provisions	144.98	248.57	393.55	98.54	96.57	195.11
Other non financial liabilities	493.31	-	493.31	63.86	-	63.86
<b>Equity</b>						
Equity share capital	-	3,518.83	3,518.83	-	2,253.46	2,253.46
Other equity	-	32,855.60	32,855.60	-	19,234.66	19,234.66
<b>Total Equity &amp; liabilities</b>	<b>72,168.88</b>	<b>150,558.42</b>	<b>222,727.30</b>	<b>40,110.17</b>	<b>113,938.21</b>	<b>154,048.38</b>

**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, 2023	5.48	5.53	5.43
March 31, 2022	5.94	6.00	5.88

**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, 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

**Sensitivity analysis as at March 31, 2022 :**

(₹ in Lakhs)

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

**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, 2023

### **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.



**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, 2023	March 31, 2022
Gross carrying amount of loans	1,99,055.06	1,28,916.92
Reported ECL	3,041.79	2,823.84
Reported ECL coverage	1.53%	2.19%
<b>ECL amount for alternate situations</b>		
Central scenario	3,041.79	2,823.84
Downside scenario (-5%)	3,193.88	2,965.03
Upside scenario (+5%)	2,889.70	2,682.65
<b>ECL coverage ratios by scenarios</b>		
Central scenario	1.53%	2.19%
Downside scenario (-5%)	1.60%	2.30%
Upside scenario (+5%)	1.45%	2.08%

**53. Additional Regulatory Requirements****a. Loans and advances to promoters, Directors, Key Managerial Personnel and Related Parties:**

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%	-

As at March 31, 2022

(₹ 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	-	-	-	-

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, 2023 and March 31, 2022. 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, 2023 and March 31, 2022

**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, 2023

**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, 2023 and March 31, 2022.

**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, 2023 and March 31, 2022.

**h) Fraud Reporting**

The company has not reported any fraud during the year ended March 31 2023 and March 31, 2022.

**l) Relationship with Struck off companies**

Name of struck off Company	Nature of Transaction with struck off Company	Balance Outstanding as on 31st March 2023	Balance Outstanding as on 31st March 2022	Relation ship with struck off company
Bulland Buildtech Pvt. Ltd.	Loans Repaid	-	0.0	Customer
Everon Castings Private Limited	Loans and advances	12.67	12.67	Customer
Kanik Electronics Pvt. Ltd	Loans Repaid	-	-	Customer
Lumax Automotive Systems Limited	Loans Repaid	-	0.76	Customer
Satiata Engineering (I) Private Limited	Loans Repaid	-	0.67	Customer
Uv Exports Pvt Ltd	Loans and advances	8.26	10.78	Customer
Windals Auto Pvt. Ltd.	Loans Repaid	-	0.04	Customer
Atharva Metals Pvt Ltd	Loans Repaid	-	0.01	Customer
Bodepudi Modular Designers Private Limited	Loans Repaid	-	-	Customer
Criss Financial Holdings Limited	Loans Repaid	2.68	165.91	Customer
Harshal Pressings Pvt. Ltd.	Loans Repaid	-	0.09	Customer
Nelumbo Icona Controls Pvt Ltd	Loans and advances	0.53	-	Customer
Pioneer Tooling Services And Co Borrower Trimaxinc Precision Tooling Pvt Ltd	Loans Repaid	-	78.58	Customer
Rotadyne Tools Pvt Ltd	Loans Repaid	-	4.37	Customer
Shree Vridhi Enterprises Pvt Ltd	Loans Repaid	-	0.03	Customer
Asianarc Electrodes Pvt Ltd	Loans Repaid	-	0.00	Customer

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	37,768.00	35,794.00	(1,974.00)
Q2	38,602.00	38,483.00	(119.00)
Q3	38,902.43	38,902.75	0.32
Q4	38,263.00	38,263.19	0.19
<b>Total</b>	<b>1,53,535.43</b>	<b>1,51,442.94</b>	<b>(2,092.49)</b>

Aforesaid differences arose since the quarterly statements were submitted by the Company to Banks based on provisional unaudited numbers and there were changes subsequently due to the reconciliation attributable to data migration to new systems.

**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, 2023	March 31, 2022
(i)	CRAR (%)	19.25%	21.93%
(ii)	CRAR – Tier I Capital (%)	16.92%	20.57%
(iii)	CRAR – Tier II Capital (%)	2.33%	1.36%
(iv)	Amount of subordinated debt raised as Tier II Capital	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments	-	-

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

**Note 2:** For previous year the Compulsory Convertible Preference Shares (CCPS) issued by the Company to ESF Holdings, a private equity investor, has been reported as part of 'Borrowings (other than debt securities)' as it meets the criteria specified in definition of financial liability under Ind AS 32. However, the same has been included as Tier-1 Capital for calculation of CRAR as per RBI guidelines.

**b. Investments**

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1)	Value of Investment		
(i)	<b>Gross value of Investments</b>	<b>5.48</b>	<b>5.94</b>
	(a) In India	5.48	5.94
	(b) Outside India	-	-
(ii)	Provision for Depreciation	-	-
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	<b>Net Value of Investments</b>	<b>5.48</b>	<b>5.94</b>
	(a) In India	5.48	5.94
	(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, 2023 (March 31, 2022: NIL).

**d. Disclosures relating to Securitization**

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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1	Total number of loans securitized	118	117
2	Total book value of loans securitized	4,458.53	2,491.07
3	Total book value of loans securitised including loans placed as collateral	4,458.53	2,491.07
4	Sale consideration received for loans securitised	4,324.78	2,366.51
5	Excess interest spread recognised in the statement of profit and loss	-	-
6	Credit enhancements provided and outstanding (Gross):	-	-
	- Interest subordination	-	-
	- Principal subordination	133.76	124.55
	- Cash collateral	446.00	225.00


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

Position of outstanding balances is as under:

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1	No. of SPVs sponsored by the NBFC for securitization transaction #	2	3
2	Total amount of securitized assets as per books of the SPVs	3,924.62	2,001.06
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	933.29	1,455.46
	a) Off-balance sheet exposures	-	-
	* First Loss	-	-
	* Others	-	-
	b) On-balance sheet exposures	933.29	1,455.46
	* First Loss	933.29	1,455.46
	* 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, 2023	March 31, 2022
(i)	No. of accounts	801	962
(ii)	Aggregate value (net of provisions) of accounts sold	21,554.43	14,702.97
(iii)	Aggregate consideration	21,554.43	14,702.97
(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, 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

**Maturity pattern of certain items of assets and liabilities as on March 31, 2022**

(₹ in Lakhs)

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

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

\*includes cash credit facilities secured against hypothecation of book debts

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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
a)	<b>Direct Exposure</b>		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	43,757.44	19,042.33
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, Multi-tenanted commercial premises industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits;	15,859.27	6,631.49
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b)	<b>Indirect Exposure</b>		
	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, 2023	March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	5.48	5.94
(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).	-	-
	<b>Total Exposure to Capital Market</b>	<b>5.48</b>	<b>5.94</b>

# NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2023

**j. Details of financing of parent company products:**

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

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

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

**l. Unsecured Advances – Refer note no. 7****m. Registration obtained from other financial sector regulators:**

The Company is registered only with Reserve Bank of India.

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

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

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

(₹ in Lakhs)

Sr. No.	Name of the rating agency	Instrument	Date of rating	Rating assigned	Valid up to	Rating limit
1	India Rating and Research Pvt. Ltd.	Bank Lines	August 02, 2022	IND A-/Stable	August 01, 2023	67,500.00
2	India Rating and Research Pvt. Ltd.	Bank Lines	November 11, 2022	IND A-/Stable	November 10, 2024	30,000.00
3	India Rating and Research Pvt. Ltd.	Bank Lines	March 16, 2023	IND A-/Stable	March 15, 2024	40,000.00
4	India Rating and Research Pvt. Ltd.	NCD	August 02, 2022	IND A-/Stable	August 01, 2023	6,000.00
5	India Rating and Research Pvt. Ltd.	Sub Debt	December 23, 2022	IND A-/Stable	December 22, 2023	3,000.00
6	ICRA Limited	NCD	September 27, 2022	[ICRA]A-(Stable)	September 26, 2023	3,375.00

**p. Provisions and Contingencies**

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
1	Provision towards Stage 3 Assets	989.45	1,636.55
2	Provision made towards Income Tax	1,346.58	1,016.57
3	Provision for Stage 1 & Stage 2 Assets	2,052.34	1,187.29
4	Provision for leave benefits	157.51	108.47
5	Provision for gratuity	131.00	86.64

**q. Draw down from Reserves:**

There has been no draw down from reserves during the year ended March 31, 2023 (previous year: Nil).

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

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
<b>1</b>	<b>Concentration of Advances</b>		
	Total advances to twenty largest borrowers	9,837.27	7,735.36
	(%) of advances to twenty largest borrowers to total advances	4.94%	6.00%
<b>2</b>	<b>Concentration of Exposures</b>		
	Total exposure to twenty largest borrowers/customers	9,837.27	7,735.36
	(%) of exposure to twenty largest borrowers/customers to total exposure	4.94%	6.00%
<b>3</b>	<b>Concentration of Stage 3 Assets</b>		
	Total exposure to top four Stage 3 accounts	342.28	575.27

**s. Sector-wise Stage 3 Assets**

(₹ in Lakhs)

Sr. No.	Sector	Percentage of NPAs to Total Advances in that Sector	
		March 31, 2023	March 31, 2022
1	Agriculture & allied activities	-	-
2	MSME	1.30%	1.81%
3	Corporate borrowers	0.42%	0.62%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	0.17%	0.16%

**t. Movement of Stage 3 Assets**

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
(i)	Net Stage 3 Assets to Net Advances (%)	0.59%	1.32%
(ii)	Movement of Stage 3 Assets (Gross)		
	a. Opening balance	3,296.64	2,827.46
	b. Additions during the year	1,695.36	1,899.97
	c. Reductions during the year	(2,837.34)	(1,430.79)
	d. Closing balance	2,154.66	3,296.64
(iii)	Movement of Net Stage 3 Assets		
	a. Opening balance	1,660.09	1,237.21
	b. Additions during the year	728.25	837.98
	c. Reductions during the year	(1,223.13)	(415.10)
	d. Closing balance	1,165.21	1,660.09
(iv)	Movement of provisions for Stage 3 Assets (excluding provisions on Stage 1 & Stage 2 Assets)		
	a. Opening balance	1,636.55	1,590.25
	b. Provisions made during the year	967.11	1,061.98
	c. Write-off/write-back of excess provisions	(1,614.20)	(1,015.69)
	d. Closing balance	989.45	1,636.55

**u. Disclosure of Complaints**

Sr. No.	Particulars	March 31, 2023	March 31, 2022
(i)	No. of complaints pending at the beginning of the year	0	0
(ii)	No. of complaints received during the year	62	42
(iii)	No. of complaints redressed during the year	62	42
(iv)	No. of complaints pending at the end of the year	0	0

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, 2021: Nil).


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**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
<b>1</b>	<b>Restructured Accounts as on April 1, 2022</b>					
	a. No. of borrowers	12	-	-	-	12
	b. Amount outstanding	589.11	-	-	-	589.11
	c. Provision thereon	70.36	-	-	-	70.36
<b>2</b>	<b>Fresh restructuring during the year</b>					
	a. No. of borrowers	6	-	-	-	6
	b. Amount outstanding	613.75	-	-	-	613.75
	c. Provision thereon	47.25	-	-	-	47.25
<b>3</b>	<b>Upgradations to restructured standard category during the FY</b>					
	a. No. of borrowers	-	-	-	-	-
	b. Amount outstanding	-	-	-	-	-
	c. Provision thereon	-	-	-	-	-
<b>4</b>	<b>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</b>					
	a. No. of borrowers	-	-	-	-	-
	b. Amount outstanding	-	-	-	-	-
	c. Provision thereon	-	-	-	-	-
<b>5</b>	<b>Down gradations of restructured accounts during the FY</b>					
	a. No. of borrowers	(3)	2	-	-	(1)
	b. Amount outstanding	(306.27)	123.38	-	-	(182.89)
	c. Provision thereon	4.65	87.86	-	-	92.51
<b>6</b>	<b>Write-offs/Recovery of restructured accounts during the FY</b>					
	a. No. of borrowers					
	b. Amount outstanding	-	-	-	-	-
	c. Provision thereon	-	-	-	-	-
<b>7</b>	<b>Restructured Accounts as on March 31, 2023</b>					
	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



**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)
<b>1</b>	<b>Performing Assets</b>						
	Standard	Stage 1	1,93,230.18	1,203.35	1,92,026.83	769.97	433.38
		Stage 2	3,670.22	848.99	2,821.23	15.27	833.72
	<b>Subtotal for Standard</b>						
<b>2</b>	<b>Non- Performing Assets (NPA)</b>						
	Substandard	Stage 3	1,681.43	717.76	963.66	216.32	501.44
	Doubtful - up to 1 year	Stage 3	333.46	183.83	149.62	68.80	115.03
	1 to 3 years	Stage 3	139.77	87.86	51.91	42.73	45.13
	More than 3 years	Stage 3	-	-	-	-	-
	<b>Subtotal for doubtful</b>		<b>2,154.65</b>	<b>989.45</b>	<b>1,165.20</b>	<b>327.85</b>	<b>661.60</b>
	Loss	Stage 3	-	-	-	-	-
	<b>Subtotal for Loss</b>						
	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.						
	<b>Subtotal</b>						
		<b>Stage 1</b>	<b>1,93,230.18</b>	<b>1,203.35</b>	<b>1,92,026.83</b>	<b>769.97</b>	<b>433.38</b>
	<b>Total</b>	<b>Stage 2</b>	<b>3,670.22</b>	<b>848.99</b>	<b>2,821.23</b>	<b>15.27</b>	<b>833.72</b>
		<b>Stage 3</b>	<b>2,154.65</b>	<b>989.45</b>	<b>1,165.20</b>	<b>327.85</b>	<b>661.60</b>
		<b>Total</b>	<b>1,99,055.05</b>	<b>3,041.79</b>	<b>1,96,013.26</b>	<b>1,113.10</b>	<b>1,928.69</b>

**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 &amp; borrowings)

(₹ in Lakhs)

Sr. No.	No. of Significant Counterparties	Amount	% of Total Liabilities
1	27	1,57,040.00	99.32%

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 &amp; % of total deposits) : Not applicable

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

(₹ in Lakhs)

Sr. No.	Number of Significant Counterparties	Amount	% of Total Liabilities
11	Bank of Maharashtra	12,883.07	8.44%
2	Federal Bank	12,380.39	8.11%
3	Bank of Baro	11,528.87	7.55%
4	HDFC Bank	11,502.74	7.53%
5	Indian Bank	10,257.57	6.72%
6	Symbiotics	9,230.00	6.04%
7	State Bank	8,794.78	5.76%
8	Canara Ba	8,267.74	5.41%
9	Catholic Sy	7,391.43	4.84%
10	Gramin B	6,578.13	4.31%
	<b>Top 10 borrowings</b>	<b>98,814.71</b>	<b>64.70%</b>


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

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

(₹ in Lakhs)

Sr. No.	Name of Instrument / Product	Amount	% of Total Liabilities
1	Term Loan	1,29,932.27	84.88%
2	Non -Convertible Debentures	9,492.62	6.20%
3	Bonds	3,503.03	2.29%
4	Borrowings towards Securitization	3,924.62	2.56%
5	Working Capital Demand Loan	213.22	0.14%
6	Cash Credit	6,037.42	3.93%

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

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

## 5) Stock Ratios

- a) Commercial papers as a % of total public funds, total liabilities & total assets: Nil, Company has not issued any Commercial papers
- b) Non Convertible debentures (original Maturity of less than one year) as a % of total public funds, total liabilities & total assets: Nil, Company has not issued any debentures having original maturity of less than one year.
- c) Other Short term liabilities, if any as a % of total public funds, total liabilities and total assets

(₹ in Lakhs)

Sr. No.	Name of Instrument / Product	Amount	% of Total Liabilities
1	Working Capital Demand Loan	213.22	0.14%
2	Cash Credit	6,037.42	3.93%

## 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, 2023	March 31, 2022
a)	<b>Direct Exposure</b>		
	(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.	43,757.44	19,042.33
	(ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, Multi-tenanted commercial premises industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	15,859.27	6,631.49
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	-	-
	a. Residential	-	-
	b. Commercial Real Estate	-	-
b)	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-
	<b>Total Exposure to Real Estate Sector</b>	<b>59,616.71</b>	<b>25,673.82</b>

**2) Exposure to capital market**

(₹ in Lakhs)

Sr. No.	Particulars	March 31, 2023	March 31, 2022
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	5.48	5.94
(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	-	-
	<b>Total exposure to capital market</b>	<b>5.48</b>	<b>5.94</b>

**3) Sectoral exposure**

(₹ in Lakhs)

Sectors	March 31, 2023			March 31, 2022		
	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	1,57,826	902	0.6%	1,10,737	2,323	2.1%
3. Services						
3.1 Other Services	44,217	842	1.9%	20,387	683	3.4%
4. Personal Loans	-	-	-	-	-	-
5. Auto Loans	5,583	579	10.4%	2,291	83	3.6%
6. Other Loans	11,369	-	0.0%	10,276	291	2.8%
<b>Total of Personal Loans</b>	<b>2,18,995</b>	<b>2,323</b>	<b>1.1%</b>	<b>1,43,691</b>	<b>3,379</b>	<b>2.4%</b>

**4) Intra-group exposures**

Sr. No.	Particulars	March 31, 2023	March 31, 2022
i)	Total amount of intra-group exposures	34.10	-
ii)	Total amount of top 20 intra-group exposures	34.10	-
iii)	Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	Less than 1%	-

**5) Unhedged foreign currency exposure**

As of balance sheet date, Company's unhedged foreign currency expressed is NIL (31st March 2022 - NIL)


**NOTES TO FINANCIAL STATEMENTS**

for the year ended March 31, 2023

**B) Related Party Disclosure**

(₹ in Lakhs)

Particulars	Subsidiaries		Group Enterprises		Key Management	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Deposits	-	-	0.00	260.32	1.56	87.10
Advances	-	-	34.10	-	15.50	15.50
Interest paid	-	-	5.44	0.77	3.35	9.39
Interest received	-	-	4.09	2.14	-	-
Rent	-	-	3.30	4.53	-	-
Salary	-	-	-	-	239.21	181.98
<b>Total</b>	-	-	<b>46.93</b>	<b>267.76</b>	<b>259.62</b>	<b>293.97</b>

continued..

(₹ in Lakhs)

Particulars	Relatives of Key Management Personnel		Associates/ Joint ventures		Total	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Deposits	211.16	186.31	-	-	212.72	533.74
Advances	-	-	-	-	49.60	15.50
Interest paid	19.54	21.48	-	-	28.33	31.64
Interest received	-	-	-	-	4.09	2.14
Rent	-	-	-	-	3.30	4.53
Salary	2.54	-	-	-	241.74	181.98
<b>Total</b>	<b>233.23</b>	<b>207.79</b>	-	-	<b>539.78</b>	<b>769.51</b>

continued..

(₹ in Lakhs)

Particulars	Maximum amount outstanding during the year	
	March 31, 2023	March 31, 2022
Deposits	737.91	1,229.22
Advances	56.69	76.52
Interest paid	-	-
Interest received	-	-
Rent	-	-
Salary	-	-
<b>Total</b>		

**C) Disclosure of complaints**

Summary information on complaints received by the NBFCs from customers

Sr. No.	Particulars	March 31, 2023	March 31, 2022
	<b>Complaints received by the NBFC from its customers</b>		
1.	Number of complaints pending at beginning of the year	-	-
2.	Number of complaints received during the year	42	31
3.	Number of complaints disposed during the year	42	31
3.1	Of which, number of complaints rejected by the NBFC	-	-
4.	Number of complaints pending at the end of the year	-	-
	<b>Number of maintainable complaints received by the NBFC from Office of Ombudsman (RBI)</b>	20	11
1.	Number of complaints resolved in favour of the NBFC by Office of Ombudsman	9	8
2.	Number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	11	3
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)	-	-

**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
<b>Current Year</b>					
Loans & Advances	-	23	53%	-	-
Bureau Updation	-	12	20%	-	-
Foreclosure	-	7	17%	-	-
<b>Total</b>	-	<b>42</b>	<b>35%</b>	-	-
<b>Previous Year</b>					
Loans & Advances	-	15	0%	-	-
Bureau Updation	-	10	0%	-	-
Foreclosure	-	6	0%	-	-
<b>Total</b>	-	<b>31</b>		-	-

**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 2023 and 31 March 2022.
- RBI has not identified additional Gross NPAs exceeding 5 percent of reported Gross NPAs for the year ended 31 March 2023 and 31 March 2022.

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

Signature to notes on accounts

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

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

Place: Mumbai  
Date: June 26, 2023

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

**Ms. Shilpa Pophale**                      **Mr. Sujit Natekar**  
Managing Director                      Director  
DIN : 00182457                          DIN : 00182517

**Mr. Vivekanand Ramachandran**  
Chief Financial Officer

Place: Pune  
Date: June 26, 2023







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