



SAKTHI FINANCE LIMITED
PART A: PRIVATE AND CONFIDENTIAL (FOR ADDRESSES ONLY)

GENERAL INFORMATION DOCUMENT (“GID”) AS PER SCHEDULE I OF THE SEBI (ISSUE AND LISTING OF NON-CONVERTIBLE SECURITIES) REGULATIONS, 2021

Our Company was originally incorporated as “The Pollachi Credit Society Private Limited” on March 30, 1955 under the Indian Companies Act 1913. Our Company was later converted into a public limited company and the name of our Company was changed to “Sakthi Finance Limited” on July 27, 1967 vide a fresh Certificate of Incorporation obtained from Registrar of Companies, Madras. The Corporate Identity Number of our Company is L65910TZ1955PLC000145. The PAN of our Company is AADCS0656G. Our Company is registered as a Non-Banking Financial Company under Section 45-IA of the Reserve Bank of India Act 1934 (2 of 1934) and has been classified as an “NBFC ML Investment and Credit Company- Deposit -Taking” and have been issued a Certificate of Registration Number 07-00252 in pursuance of the same.

Registered & Corporate Office: 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu

Tel No: +91 (422) 2231471-474/4236200; **Fax No:** +91 (422) 2231915; **Website:** www.sakthifinance.com

Company Secretary and Compliance Officer: Sri. C.Subramaniam; **Tel No:** +91 (422) 4236238; **Email:** csubramaniam@sakthifinance.com

Chief Financial Officer: Sri. Srinivasan Anand; **Telephone No.:** +91 (422) 4236301; **E-mail:** sanand@sakthifinance.com

Statutory Auditors: M/s CSK Prabhu & Co., Chartered Accountants (FRN 0024855)

Address: F4, Fourth Floor, Srivari Kikani Centre 2, Krishnaswamy Mudaliar Road, Coimbatore - 641 002

Telephone No.: +91 (422) 2552437; **Email:** csk@cskprabhu.com; **Contact Person:** Sri. CSK Prabhu

ISSUE OF RATED SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF FACE VALUE OF ₹ 1,00,000 EACH (“NCDs”) ON PRIVATE PLACEMENT BASIS.		
OUR PROMOTERS		
Dr. M. Manickam - Telephone: +91 (422) 2221991; Email: mmanickam@sakthisugars.com; Sri. M. Balasubramaniam - Telephone: +91 (422) 4236200; Email: balumahalingam@sakthifinance.com.		
ISSUER’S ABSOLUTE RESPONSIBILITY		
The issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this General Information Document contains all information with regard to the Issuer and the issue which is material in the context of the issue, that the information contained in the General Information Document is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.		
THE ISSUE SCHEDULE		
For Details relating to Issue Open Date, Closing Date and Earliest Closing Date, if any, Coupon Rate, Coupon Payment frequency, Redemption Date and Redemption amount, For details relating to Eligible Investors, please refer the Chapter titled “Terms of Issue”.		
UNDERTAKING OF THE ISSUER		
Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the offer including the risks involved. The securities have not been recommended or approved by any of the regulatory authority in India, including the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the Statement of ‘Risk Factors’ given on this Page under Section “General Risks” Sakthi Finance Limited having made all reasonable inquiries, accepts responsibility for and confirms that this GID contains all information with regard to the Issuer and the Issue, which is material in the context of the issue, that the Information contained in this GID is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Issuer has no side letter with any debt securities holder except the one(s) disclosed in the GID. Any covenants later added shall be disclosed on the stock exchange website where the debt is listed.		
DISCLAIMER OF THE ISSUER		
This GID is neither a Prospectus nor a Statement In lieu of Prospectus. It does not constitute an offer or an invitation to the public to subscribe to the Debentures to be issued by Sakthi Finance Limited. This GID is intended to form the basis of evaluation for potential investors to whom it is addressed and who are willing and eligible to subscribe to these Debentures. The contents of this GID are intended to be used by the investors to whom it is distributed. It is not intended for distribution to any other person and should not be reproduced by the recipient. The Company can, at its sole and absolute discretion, change the terms of the offer.		
CREDIT RATING		
The NCDs proposed to be issued by our Company have been rated by ICRA Limited (“ICRA”). ICRA has vide its Ref. No. ICRA/Sakthi Finance Limited//02022024/1 dated February 2, 2024 assigned a rating of “[ICRA] BBB (Stable)” for an amount up to ₹ 150 crore. The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of Financial obligations and carry moderate credit risk. The rating provided by ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. This rating is not a recommendation to buy, sell or hold the NCDs and investors should take their own decisions.		
LISTING		
The NCDs offered through this Disclosure documents are proposed to be listed on BSE Limited (“BSE”) and BSE shall be the Designated Stock Exchange. Our Company has received an ‘in-principle’ approval from BSE vide their letter No. [.]		
	REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE*
Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025 Tel: +91 22 61143406; Fax: +91 22 24331390 Email: r.srinivasan@icraindia.com; Website: www.icra.in SEBI Registration No: IN/CRA/008/2015	LINK INTIME INDIA PRIVATE LIMITED C-101, 247 Embassy Park, 1st Floor, L.B.S. Marg, Vikhroli West Mumbai 400 083 Maharashtra, India Tel No : +91 (22) 4918 6200 Fax No : +91 (22) 4918 6195, +91 (22) 49186060 Email : debtca@linkintime.co.in Website : www.linkintime.co.in Investor Grievance Email : debtca@linkintime.co.in Contact person: Shanti Gopalkrishnan SEBI Registration No: INR000004058 CIN : U67190MH1999PTC118368	CATALYST TRUSTEESHIP LIMITED “GDA House”, Plot No 85, Bhusari Colony (Right), Paud Road, Pune – 411038 Tel : + 91 022 49220555; Fax : + 91 022 49220505 Email : ComplianceCTL-Mumbai@ctltrustee.com Website : http://catalysttrustee.com Investor Grievance Email: https://grievance@ctltrustee.com Contact person: Ms. Deesha Trivedi Compliance Officer: Ms. Kalyani Pandey SEBI Registration No: IND000000034 CIN: U74999PN1997PLC110262

* Catalyst Trusteeship Limited has, vide its letter dated 3 May 2024, given its consent for its appointment as Debenture Trustee to the Issue, pursuant to Regulation 8 of the SEBI NCS Regulations and for its name to be included in this Issue Document and in all the subsequent periodical communications sent to the holders of the Debentures issued pursuant to this Issue.

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SECTION I

DEFINITIONS AND ABBREVIATIONS

This GID uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning as provided below. References to any legislation, act or regulation, rules, guidelines, policies shall be to such term, as amended from time to time.

“Issuer”, “SFL”, “our Company”, “the Company” “Our” “Us” or “We”	Sakthi Finance Limited, a public limited company incorporated under the Indian Companies Act 1913, registered as a Non-Banking Financial Company with the Reserve Bank of India under Section 45-IA of the RBI Act 1934 and has been classified as an Investment and Credit Company - Deposit Taking - Middle Layer”. Our Registered Office is at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Allot/Allotment/Allotted	means the allotment of any Debentures pursuant to the Debt Disclosure Documents.
Applicable Law	means all applicable statutes, enactments or acts of any legislative body in India, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority and any modifications or reenactments thereof.
Applicant	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, a person who has submitted a completed
Application Form	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, the form used by the recipient of the relevant Key Information Document, to apply for subscription to the Debentures offered pursuant to such Key Information Document, which is in the form annexed to the relevant Key Information Document
Application Money	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, the subscription amounts paid by the Applicant at the time of submitting the Application Form.
ALM	Asset Liability Management
Articles	Articles of Association of the Company
AUM	AUM comprises principal outstanding for our advances and investments (excluding high quality liquid assets)
BSE	BSE Limited (Designated Stock exchange)
Board / Board of Directors	The Board of Directors of the Issuer and includes any Committee thereof
Beneficial Owners	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, the holders of the Debentures in dematerialised form whose names are recorded as such with the Depository(ies) in the Register of Beneficial Owners and "Beneficial Owner" shall be construed accordingly
Business Day	Means any day of the week (excluding non-working Saturdays, Sundays and any day which is a public holiday for the purpose of Section 25 of the Negotiable Instruments Act, 1881 (26 of 1881) (as may be amended/ supplemented from time to time) in Mumbai and any other day on which banks are closed for customer business in Mumbai) on which money market in functioning in Mumbai and “Business Days” shall be construed accordingly
CRAR	Capital to Risk (WEIGHTED) Assets Ratio
CAR	Capital Adequacy Ratio
CDSL	Central Depository Services (India) Limited

Debentures / NCDs	Secured, Redeemable, Non-Convertible Debentures (NCDs) of face value stated in the relevant Key Information Document
Debenture holder	The holders of the Debentures
Debenture Trustee Agreement (DTA)	Debenture Trustee Agreement as referred in the relevant Key information document entered between the Company and Debenture Trustee.
Debenture Trust Deed (DTD)	Debenture Trust Deed as referred in the relevant Key information document entered between the Company and Debenture Trustee.
Debt Securities	Debentures / NCDs
Depository(ies)	National Securities Depository Limited (NSDL) and / or Central Depository Services (India) Limited (CDSL)
DP	Depository Participant
FY	Financial Year
General Information Document (“GID”)	means this general information document which sets out the terms and conditions for the issue and offer of the Debentures by the Issuer on a private placement basis and contains the relevant information in this respect
IPO	Initial Public Offering
Interest rate	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, the interest rate set out in the relevant Key Information Document for the relevant issuance of Debentures.
I.T. Act	The Income Tax Act, 1961 (as amended from time to time)
Issue	Issue means the Issue of any NCDs issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of NCDs on a Private Placement basis
Independent Director	A Non-executive, independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations, who are currently on the Board of our Company.
Key Information Document (“KID”)	means each key information document to be issued by the Issuer for each offer of Debentures in accordance with the Debt Listing Regulations, within the overall limits and period of validity set out in this General Information Document.
LTV	Loan-to-Value
Limited Review Report / LRR	Limited Review Report dated February 08, 2024 given by our Statutory Auditors, M/s. CSK Prabhu & Co, Chartered Accountants, on the unaudited financial results for the nine months period ended December 31, 2023
MOA/ AOA	Memorandum of Association and Articles of Association of the Company
NAV	Net Asset Value
NBFC	Non-Banking Financial Company as defined under Section 45-IA of the RBI Act 1934
NPA	Non-Performing Assets
NSDL	National Securities Depository Limited
Net Owned Fund (“NoF”)	In terms of Section 45-IA of the RBI Act 1934, NoF of an NBFC means: (a) the aggregate of the paid-up equity capital and free reserves as disclosed in the latest balance sheet of the company after deducting therefrom (i) accumulated balance of loss; (ii) deferred revenue expenditure; and (iii) other intangible assets; and (b) further reduced by the amounts representing (1) investments of such company in shares of its subsidiaries; companies in the same group; all other NBFCs; and (2) the book value of debentures, bonds, outstanding loans and advances (including hire-purchase and lease finance) made to and deposits with subsidiaries of such company; and companies in the same group, to the extent such amount exceeds 10% of (a) above.
Net Worth	Net worth as defined in Section 2(57) of the Companies Act 2013 means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium, after deducting the aggregate value of the

	accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
Promoter	The promoters of our Company, namely, Dr. M. Manickam and Sri. M. Balasubramaniam.
Promoter Group	Sri. M. Srinivaasan, Smt. Karunambal Vanavaraayar and including ABT Investments (India) Private Limited, ABT Finance Limited, ABT Foundation Limited, ABT Industries Limited, Sakthifinance Financial Services Limited, Sakthi Financial Services (Cochin) Private Limited, Sakthi Finance Holdings Limited, Sakthi Realty Holdings Limited, Sakthi Sugars Limited, Sri Chamundeswari Sugars Limited, Sri Sakthi Textiles Limited and The Gounder and Company Auto Limited.
Private Placement Offer cum Application Letters “PPOA”	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, the private placement offer cum application letters prepared in compliance with Section 42 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 issued by the Issuer in respect of the Debentures
Outstanding Amounts	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures, at any date, the Outstanding Principal Amounts together with any interest, additional interest, costs, fees, charges, and other amounts payable by the Issuer in respect of the Debentures
RBI	The Reserve Bank of India
Registered Office	The registered office of the Company situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu.
Rs/INR/Rupees	The lawful currency of the Republic of India
ROC	The Registrar of Companies
RTGS	Real Time Gross Settlement System
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended from time to time)
SEBI Regulations	Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 as amended by SEBI from time to time.
Statutory Auditors/Auditors	M/s CSK Prabhu & Co, Chartered Accountants, Coimbatore (ICAI Registration No: 002485S) are our Statutory Auditors of our company with effect from September 30, 2021 and M/s P K Nagarajan & Co, Chartered Accountants, Coimbatore (ICAI Registration No:016676S) were the Statutory Auditors of our company for FY 2021.
Term Sheet	Term Sheet to be issued by the Company for any Series containing the issue price, coupon rate and other conditions regarding Debentures
The Act	Shall mean provisions of the Companies Act, 1956 and the Companies Act, 2013 (including any statutory modification(s) or re-enactments thereof for the time being in force), which are in effect from time to time
Trustees	Trustees for the Debenture holders
Transaction Documents	means, in respect of any series of Debentures issued pursuant to this General Information Document and the relevant Key Information Document for the relevant issuance of Debentures: (a) the DTD; (b) the Debenture Trustee Agreement; (c) the Deed of Hypothecation; (d) the Debt Disclosure Documents; (e) the letters issued by the and each memorandum of understanding/agreement entered into with, the Rating Agency, the Debenture Trustee and/or the Registrar; (f) each tripartite agreement between the Issuer, the Registrar and the relevant Depository; and (g) any other document that may be designated as a Transaction Document by the Debenture Trustee,

Wilful Defaulter/(s)	A Person/ (persons) or a company categorized as a wilful defaulter(s) by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI and includes a company whose director or promoter is categorized as such.
“We”, “us” and “Our”	Unless the context otherwise requires, Our Company

FORWARD LOOKING STATEMENTS

Certain statements contained in this GID that are not statements of historical fact constitute “Forward Looking Statements”. Investors can generally identify forward-looking statements by terminology such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek”, “should”, “will”, “would”, or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this GID that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, including our financial conditions and results of operations to differ from our expectations include, but are not limited to, the following:

- We operate in an increasingly competitive financial services industry, which creates significant pricing pressures and may adversely affect our net interest margins, income and market share;
- Performance of the financial and capital markets in India and globally;
- We are involved in certain legal and other proceedings which, if determined against us, could have a material adverse impact on our financial condition;
- The outcome of any legal or regulatory proceedings we are or may become a party to; Changes in Indian and/or foreign laws and regulations, including tax, accounting, banking, securities, Insurance and other regulations; changes in competition and the pricing environment in India; and regional or general changes in asset valuations;
- Our inability to successfully diversify our portfolio;
- Any disruption in our sources of funding;
- Our inability to obtain or maintain statutory or regulatory approvals and licenses for conducting our business;
- Our reliance on Indian exchanges for a significant portion of our investment banking, wealth management and securities business;
- Performance of the Indian debt and equity markets;
- Occurrence of natural calamities, pandemics, or natural disasters affecting the areas in which our Company has operations; and
- Any increase in the levels of Gross Stage 3/ Net Stage 3 Assets (Gross / Net NPAs) on our loan portfolio, for any reason; whatsoever would adversely affect our business and results of operations.

For further discussion of factors that could cause our actual results to differ, refer Section titled “**Risk Factors**” on page 13 of this GID. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results and valuations to differ materially from those contemplated by the relevant statement.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the chapters “**Our Business**” and “**Other Statutory Disclosures**” on page 45 and 90, respectively of this GID. The forward-looking statements contained in this GID are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct or will hold good at all times. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company’s underlying assumptions prove to be incorrect, our Company’s actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

Neither our Company, its Directors, its KMPs and officers, nor any of their respective affiliates or associates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI NCS Regulations, our Company will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

GENERAL DISCLAIMER

THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) IS NEITHER A PROSPECTUS NOR A STATEMENT IN LIEU OF A PROSPECTUS AND SHOULD NOT BE CONSTRUED TO BE A PROSPECTUS OR A STATEMENT IN LIEU OF A PROSPECTUS UNDER THE COMPANIES ACT. THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) IS NOT AN OFFER OR INVITATION UNDER SECTION 42 OF THE COMPANIES ACT 2013. AN OFFER WILL BE MADE TO IDENTIFIED ELIGIBLE INVESTORS ACCEPTABLE TO THE ISSUER PURSUANT TO A SERIALLY NUMBERED AND SPECIFICALLY ADDRESSED DEBT DISCLOSURE DOCUMENT(S).

THE ISSUE OF THE DEBENTURES TO BE LISTED ON THE BSE LIMITED IS BEING MADE STRICTLY ON A PRIVATE PLACEMENT BASIS. MULTIPLE COPIES HEREOF GIVEN TO THE SAME ENTITY SHALL BE DEEMED TO BE GIVEN TO THE SAME PERSON AND SHALL BE TREATED AS SUCH. THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) DOES NOT CONSTITUTE AND SHALL NOT BE DEEMED TO CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE TO THE DEBENTURES TO THE PUBLIC IN GENERAL.

AS PER THE APPLICABLE PROVISIONS, IT IS NOT NECESSARY FOR A COPY OF THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) TO BE FILED OR SUBMITTED TO THE SEBI FOR ITS REVIEW AND/OR APPROVAL. THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) HAS BEEN PREPARED IN CONFORMITY WITH THE SEBI DEBT LISTING REGULATIONS AS AMENDED FROM TIME TO TIME AND APPLICABLE RBI REGULATIONS GOVERNING PRIVATE PLACEMENTS OF DEBENTURES BY NBFCS. THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) HAS BEEN PREPARED SOLELY TO PROVIDE GENERAL INFORMATION ABOUT THE ISSUER TO ELIGIBLE INVESTORS TO WHOM IT IS ADDRESSED AND WHO ARE WILLING AND ELIGIBLE TO SUBSCRIBE TO THE DEBENTURES. THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) DOES NOT PURPORT TO CONTAIN ALL THE INFORMATION THAT ANY ELIGIBLE INVESTOR MAY REQUIRE. FURTHER, THIS GENERAL INFORMATION DOCUMENT (AND ANY RELEVANT KEY INFORMATION DOCUMENT OR PPOA FOR THE RELEVANT ISSUANCE OF DEBENTURES) HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES RELATING TO THIS TRANSACTION ONLY AND UPON THE EXPRESS UNDERSTANDING THAT IT WILL BE USED ONLY FOR THE PURPOSES SET FORTH HEREIN.

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AFFAIRS OF THE ISSUER, AND ITS OWN APPRAISAL OF THE CREDITWORTHINESS OF THE ISSUER. POTENTIAL INVESTORS SHOULD CONSULT THEIR OWN FINANCIAL, LEGAL, TAX AND OTHER PROFESSIONAL ADVISORS AS TO THE RISKS AND INVESTMENT CONSIDERATIONS ARISING FROM AN INVESTMENT IN THE DEBENTURES AND SHOULD POSSESS THE APPROPRIATE RESOURCES TO ANALYZE SUCH INVESTMENT AND THE SUITABILITY OF SUCH INVESTMENT TO SUCH POTENTIAL INVESTOR'S PARTICULAR CIRCUMSTANCES.

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The Debentures will be issued in dematerialized form. The Issuer has made arrangements with the Depositories for the issue of the Debentures in dematerialized form. Investors will have to hold the Debentures in dematerialized form as per the provisions of Depositories Act. The Issuer shall take necessary steps to credit the Debentures allotted to the beneficiary account maintained by the Investor with its depository participant. The Issuer will make the Allotment to the Investors on the Deemed Date of Allotment after verification of the Application Form, the accompanying documents and on realization of the application money.

SECTION - II

RISK FACTORS

An investment in NCDs involves a certain degree of risk. The risk factors set out below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the NCDs. Prospective investors should carefully and independently assess and evaluate the risks and uncertainties described below, in addition to the other information contained in this GID.

If any of the following risks or other risks that are not currently known or are now deemed immaterial, actually occur to a fuller or lower extent, our business, financial condition, results of operation and cash flows might suffer.

Additional risks and uncertainties, not known to us which are currently unknown or now deemed immaterial, if materializes, may have a material adverse impact on our business, financial condition, results of operation and cash flows in the future.

Due to the above factors, the trading price of the NCDs could decline and you may lose your all or part of your interest and / or redemption amounts.

Unless otherwise stated in the relevant risk factors set out below, we are not in a position to specify or quantify the financial or other implications of the risks mentioned below. The sequencing of the risk factors is intended to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another or the serial order in which they might actually occur.

This GID contains forward-looking statements that describe and explain the risks and uncertainties.

Our Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of several factors, including the considerations described below and elsewhere in this GID.

Unless the context otherwise requires, the financial information used in this section is derived from and should be read in conjunction with the Financial Statements of our Company.

Risks relating to our Company and its Business

1. Our company is involved in certain legal proceedings and any adverse outcome of any of these proceedings, may have an adverse effect on the performance of the Company.

Our Company is involved in certain legal proceedings, including civil suits, consumer cases and tax disputes which typically arise in the normal course of business. These legal proceedings are pending at various levels of adjudication before various courts/ forum, regulatory authorities and tribunals. Our Company has been incurring cost in defending these proceedings. Any adverse orders in these proceedings may have an impact on our financial condition. For the details, please refer to Chapter titled ***“Pending Proceedings and Statutory Defaults”*** beginning on page 94 of the GID.

2. We have regularly been subject to RBI inspection/ supervision and any serious non-compliance with observations and or any adverse findings made during such regulatory inspections could expose us to penalties and or restrictions, which in turn may affect our business and operations. However the inspection reports of RBI are not in public domain.

Being an NBFC, our company is required to comply with various Master Directions and Circulars issued by the RBI in respect of operations and statutory requirements. Further, we are subject to annual Supervisory Inspection by RBI under Section 45N of the RBI Act, 1934.

RBI has communicated the status of compliance and the compliance to be adhered to by our company on certain aspects on the supervisory inspection for the years ended March 31, 2023, March 31, 2022, March 31, 2021 and March 31, 2020.

The supervisory inspection for the year ended March 31, 2022, has been completed by RBI in August 2022 and RBI has forwarded the observations and have informed our Company that these are to be treated as confidential and not to be used for the purpose of raising resources and are not to be shared with anyone without the explicit consent of RBI.

For the year ended March 31, 2022, RBI in its report has observed certain non-compliance with the KYC norms by our Company such as categorization of our customers as low, medium and high risk categories and non-compliance with periodic updation of KYC for High risk customers and has issued a show cause notice in respect of levying of penalty under Section 58G(1)(b) read with section 58(B)(5)(aa) of the Reserve Bank of India Act, 1934 (RBI Act). Our management has, during a personal hearing informed RBI about the compliance status and provided assurance to RBI that adequate measures would be put in place to ensure that there is no lapse in complying with the KYC norms as stipulated by RBI.

The Adjudication Committee of RBI, by its communication dated January 12, 2024, has passed an order stating that in view of the failure of the company to comply with the directions issued by the Bank it is decided to impose on our Company, a monetary penalty of ₹ 6.00 Lakh (Rupees Six Lakh Only) for failure to categorize our customers as low, medium and high risk categories and to carry out periodic updation of KYC for high risk customers for the FY 2021-2022.

Further, RBI has observed certain divergence in provisions and in accepting portion of certain resources raised by our company as eligible resource for treatment as capital for capital adequacy purposes. Our company has replied to these divergences and clarified the position.

During the course of finalization of inspection reports, regulatory authorities may share their findings and recommendations with us and give us an opportunity to provide justification and clarifications. Further, such regulatory authorities may also seek certain clarifications and share their findings in the ordinary course of business. Our Company has taken all necessary measures to address, resolve or comply with the observations/ findings highlighted in the inspection reports for the Fiscal 2023, 2022, and 2021 issued by the RBI as part of its inspections, and has responded to and will respond to each such observation/ finding indicated and further information sought therein, if any.

However, we cannot assure you that these authorities will not find any deficiencies in future inspections or otherwise / the authorities will not make similar or other observations in the future and not propose punitive action.

In the event we are unable to resolve such deficiencies to the satisfaction of the relevant authority, we may be restricted in our ability to conduct our business as we currently do. While we seek to comply with all regulatory provisions applicable to us, in the event we are unable to comply with the observations made by the regulatory authorities, we could be subject to penalties and restrictions which may have an adverse effect on our business, results of operations, financial condition, cash flows and reputation.

3. *Our financial performance is sensitive to interest rate volatility, which could impact our net interest income due to decline and might therefore adversely affect our profitability and return on assets.*

Our results of operations are substantially dependent upon the level of our net interest margins. A significant component of our income is derived from hire purchase finance operations, which comprise more than 90% of our total revenue for FY 2023, 2022 and 2021.

We borrow funds on both fixed and floating interest rates. A majority of our liabilities, such as our secured / unsecured redeemable non-convertible debentures, subordinated debt, fixed deposits and term

loan from financial institutions carry fixed rates of interest and the remaining borrowings from banks are linked to the respective bank's benchmark Marginal Cost based Lending Rate / Base Rates. As on December 31, 2023 around 90% of our total borrowings were at fixed rates of interest. We are exposed to interest rate risks as a result of lending to customers predominantly at fixed interest rates and in amounts and for periods which may differ from our funding sources. Volatility in interest rates can materially and adversely affect our financial performance and cash flows. In a rising interest rate environment, if the yield on our interest-earning assets does not increase correspondingly with or to the same extent as our cost of funds, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our net interest income and net interest margin would be adversely affected.

Accordingly, our operations are vulnerable to fluctuations in interest rates. Interest rates are highly volatile and fluctuations thereof are dependent upon many factors, including the monetary policies of RBI, de-regulation of the financial services sector in India, domestic and international economic and political conditions, inflation and other factors which are beyond our control. Rise in inflation and consequent changes in bank rates, repo rates and reverse repo rates by the RBI has led to an increase in interest rates on loans provided by banks and financial institutions and market interest rates in India have been volatile in recent periods.

There can be no assurance that we will be able to completely manage our interest rate risk. If we are unable to mitigate the interest rate risk fully, it could have an adverse effect on our net interest margin, thereby affecting our business, financial performance and financial condition.

4. Our business requires raising substantial funds by the way of borrowing and any disruption in funding sources would have a material adverse effect on our liquidity, operational performance, financial position and/or cash flows.

As an NBFC- ML, our liquidity and on-going profitability, in large part, depends upon our timely access to and the costs associated with, raising of funds. Our funding requirements historically have been met from a combination of loans from banks and financial institutions, issuance of secured redeemable non-convertible debentures to public / on private placement basis, public deposits and the issue of subordinated debt. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors and/or lenders perception of demand for debt and equity securities of NBFCs and our current and future results of operations and financial condition.

RBI in its then prevalent Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 issued certain guidelines with respect to raising money through private placement by NBFCs in the form of non-convertible debentures (Refer Annexure XV - Guidelines on Private Placement of NCDs (maturity more than 1 year) by NBFCs), which has resulted in limiting our Company's ability to raise fresh debentures on private placement basis.

5. Our customer portfolio mainly consists of Small / Medium Road Transport Operators ("SRTOs/MRTOs") who are generally more likely to be affected by declining economic conditions than large corporate borrowers. Any adverse change in economic condition impacting on the target customers could affect our business, financial condition, results of operation and/or cash flows.

Our primary business involves lending money to commercial vehicle owners and operators in India with a focus on financing pre-owned commercial vehicles and we are subject to customer default risks including default or delay in payment of interest or repayment of instalments of principal on our loans. Customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition, results of operations and/or cash flows will be adversely affected.

Our customer portfolio principally consists of SRTOs/MRTOs with underdeveloped banking habits generally are less financially resilient than larger corporate borrowers and as a result, they can be more adversely affected by declining economic conditions. The owners and/or operators of commercial vehicles financed by us often do not have any credit history supported by tax returns and other related documents which would enable us to assess their credit worthiness. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation on the part of our customers. Furthermore, unlike several developed economies, a nation-wide credit bureau has become operational in India. Accordingly, there is less financial information available about the creditworthiness of individuals particularly, our client segment who are mainly from the low-income group and who typically have limited access to other financing sources. It is, therefore, difficult to carry out precise credit risk analysis on our clients. Although we follow certain procedures to evaluate the credit profile of our customers at the time of sanctioning a loan, we generally rely on the referrals from the local trucking community/existing customers and value of the commercial vehicle provided as underlying collateral rather than on a stringent analysis of the credit profile of our customers. Although we believe that our risk management mechanisms and controls measures are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, particularly of borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations, financial condition and/or cash flows.

6. We may not be able to recover, on a timely basis or at all, the full value of collateral or amounts which are sufficient to cover the outstanding amounts due under defaulted loans which could adversely affect our business, financial condition, results of operations and/or cash flows.

As a security for the financing facilities provided by us to our customers, the vehicles purchased/ assets acquired by our customers are secured by lien, on the assets financed, in our favour. The value of the used vehicles is determined by us using a market value grid. The value of the vehicle, however, is subject to depreciation, deterioration, and/or reduction in value on account of other extraneous reasons, over the course of time. Consequently, the realizable value of the collateral for the credit facility provided by us, if and when liquidated, may be lower than the outstanding loan from such customers. Any default in repayment of the outstanding credit obligations by our customers may expose us to losses. Furthermore, in the case of a default, we typically repossess the commercial vehicles financed and sell such vehicles. The hypothecated vehicles, being movable property, may be difficult to locate or seize in the event of any default by our customers. There can also be no assurance that we will be able to sell such vehicles provided as collateral at prices sufficient to cover the amounts under default. In addition, there may be delays associated with such process. Any failure or delay to recover the expected value from sale of collateral security could expose us to a potential loss. Any such losses could adversely affect our financial condition, results of operations and/or cash flows. Furthermore, enforcing our legal rights by litigating against defaulting customers is generally long drawn and potentially expensive process in India. Accordingly, it may be difficult for us to recover amounts owed by defaulting customers in a timely manner or we may not recover at all. Further, if we are unable to sell any repossessed vehicles provided as security for such loans at commercially favourable prices, in a timely manner or at all, we may not recover the costs of maintaining such repossessed vehicles and our operations, cash flows and profitability could be adversely affected.

7. Our collections in cash are in reasonably large quantum and consequently, we face the risk of misappropriation or fraud by our employees.

Our branches collect and deposit reasonable amount of our customer's payments in cash. The cash collections may be exposed to the risk of fraud, misappropriation or unauthorized transactions by employees responsible for dealing with such cash collections. Although, there has been no reported past history of misappropriation or fraud and we have taken insurance policies and coverage for cash in safe and adequate measures to prevent any unauthorized transaction, fraud or misappropriation by our

employees, officers and representatives, any such instances may adversely affect our cash flow, profitability and our reputation.

8. *Our financing arrangements contain restrictive covenants that may adversely affect our business and operations, in the case of certain events.*

Some of our financing agreements also include various conditions and covenants that require us to obtain lenders consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. Specifically, under some of our financing agreements, we require and may be unable to obtain consents from the relevant lenders for, among others, the following matters: entering into any scheme of merger; spinning-off of a business division; selling or transferring all or a substantial portion of our assets; making any change in ownership or control or constitution of our Company; making amendments in our Memorandum and Articles of Association; creating any further security interest on the assets upon which the existing lenders have a prior charge and raising funds by way of any fresh capital issue etc. For further details on the restrictive covenants under the financing arrangement, refer Chapter titled “*Financial Indebtedness*” on page 79 of this GID.

9. *Our operations have regional concentration in Southern India especially Tamil Nadu and Kerala and therefore we are dependent on the general economic conditions and activities in these areas. Any adverse economic conditions in the area or a sustained change in consumer preferences in those regions would have impact on our business operation, financial position and cash flow.*

We have been operating in vehicle financing segment through our branch network spread mainly across Southern region of India. At present, we originate around 95% of our business from the States of Tamil Nadu and Kerala and balance from other States namely, Karnataka, Andhra Pradesh and Union Territory of Puducherry. Further, we believe that there is still good potential and growth available in Southern region of India from our existing as well as new customers and intend to strategically expand our reach in target markets only. Our concentration in the Southern States exposes us to any adverse geological, ecological, economic and/or political circumstances in this region as compared to other NBFCs that have a pan India presence. If there is a sustained down-turn in the economy of Southern India or a sustained change in consumer preferences in those regions, our business operations may be adversely affected.

10. *We face increasing competition in our business which may affect operational performance and therefore in declining margins, if we are unable to compete effectively.*

We primarily provide vehicle finance to SRTOs/ MRTOs. Our primary competition, historically, has been with private unorganized financiers who principally operate in the local market. However, the significant growth in the commercial vehicle finance segment in recent periods has resulted in various banks and NBFCs increasing their focus on this sector. In addition, interest rate de-regulation and other liberalization measures affecting the commercial vehicle finance sector, together with increased demand for capital by SRTOs/ MRTOs, have resulted in increased competition.

All of these factors have resulted in us facing increased competition from other lenders in the commercial vehicle finance sector, including commercial banks and other NBFCs. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in future. Furthermore, as a result of increased competition in the commercial vehicle finance sector, vehicle finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common. There can be no assurance that your response, reaction and remedial measures to these or other market developments or compete effectively with new and existing players in the increasingly competitive commercial vehicle finance industry. Increasing competition may have an adverse effect on our net interest margin and our income and, if we are unable to compete successfully, our operating volume may decline.

11. System failures or Business Disruption and/or Security Breaches in computer systems may affect our business.

Our business is increasingly dependent on our ability to process, on a daily basis, a large number of transactions. Our financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control, including a disruption of electrical or communication services such as network connectivity, etc.

Our ability to operate and remain competitive will depend on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. The information available with us and received by our management through our existing systems may not be timely and sufficient to manage risks or to plan for and respond to changes in market conditions and other developments in our operations. We may experience difficulties in upgrading, developing and expanding our systems quickly enough to accommodate our growing customer base and branch network. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we operate.

12. We face the threat of fraud and cyber- attacks, such as hacking, phishing, trojans and advanced persistency threats, attempting to exploit our network to disrupt services to customers and/or theft of sensitive internal Company data or customer information. This may cause damage to our reputation and adversely impact our business, cash flows and financial results.

Our systemic and operational controls may not be adequate to prevent adverse impact from frauds, errors, hacking and system failures. Further, customer applications and interfaces, may be open to being hacked or compromised by third parties, resulting in thefts and losses to our customers and to us. Some of these cyber threats from third parties include: (a) phishing and trojans – targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information; (b) hacking wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; (c) data theft – wherein cyber criminals may attempt to intrude into our network with the intention of stealing our data or information; (d) ransomware, a malware which threatens to block or publish data unless a ransom is paid; and (e) advanced persistency threat – network attack in which an unauthorized person gains access to our network and remains undetected for a long period of time. In addition, due to the recent social distancing measures and the lockdown imposed by the Government, there has been a recent increase in electronic transactions which increases the risk of cyber-attacks. The intention of these attacks is to steal data or information or to shut down our systems and only release them for a fee. Attempted cyber threats fluctuate in frequency but are generally not decreasing in frequency. Not only are we exposed to such risks from our own actions or those of our employees, but from actions of our-third party service providers over whom we do not have full control. If we suffer from any such cyber threats, it could materially and adversely affect our businesses, cash flows, financial conditions and results of operations. A significant system breakdown or system failure caused due to intentional or unintentional acts would have an adverse impact on our revenue generating activities and lead to financial loss

13. *Our cloud computing and data centers for the primary and back up data storage may experience system downtime, prolonged power outages or shortages.*

Our Company relies on a cloud computing software pursuant to which the relevant applications and systems, are hosted with a third party service provider, who operates a data centre. The data centre may be susceptible to, *inter-alia*, regional costs of power, power shortages, planned or unplanned power outages and limitations on the availability of adequate power resources. Power outages, including, but not limited to those relating to large storms, earthquakes, fires and floods, could harm our customers and our businesses. Although we leverage our technology initiatives for periodic, often fortnightly, upgrades of assisted mobile applications with the goal of ensuring a 24 hour uptime, any disruption in the operation of our cloud computing software and data centres could negatively impact our business results of operations and financial condition. Our applications are hosted in reputed data centers who adhere the requisite norms, standards and facilities of protecting our applications and data with an uptime commitment of 99.99%. We also have the Disaster Recovery (“DR”) setup in another data center. Data centers also have the arrangement to store the replica in another data center with different seismic zone. Hence, the possibilities of facing system downtime etc., are highly remote.

Risk Relating to NCDs

14. *Changes in interest rates may affect the price of our NCDs.*

All securities where a fixed rate of interest is offered, such as our NCDs, are subject to price risk. The price of such securities will vary inversely with changes in prevailing interest rates, i.e. when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, credit rating of the issuer, days to maturity and the increase or decrease in the level of prevailing interest rates. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the price of our NCDs.

15. *Repayment is subject to the credit risk of the Company*

Potential investors should be aware that receipt of the principal amount, (i.e. the redemption amount), interest thereon and any other amounts that may be due in respect of the NCDs is subject to the credit risk of the Company whereby the Investors may or may not recover all or part of the funds in case of default by the Company. Potential investors assume the risk that the Company will not be able to satisfy their obligations under the NCDs. In the event that bankruptcy proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy are instituted by or against the Issuer, the payment of sums due on the NCDs may not be made or may be substantially reduced or delayed.

On December 14, 2021, RBI issued a circular titled “Prompt Corrective Action (PCA) Framework for Non-Banking Financial Companies (NBFCs)” (“PCA Framework Circular”) to enable supervisory intervention and implement remedial measures of NBFCs, including NBFC-NDs, on the basis of tracking certain indicators such as CRAR, Tier 1 Capital Ratio and Net NPA Ratio.

16. *There is no guarantee that the NCDs issued pursuant to this Issue will be listed on BSE in a timely manner, or at all.*

In accordance with Indian law and practice, permissions for listing and trading of the NCDs issued pursuant to this Issue will not be granted until after the NCDs have been actually issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuance of NCDs to be submitted and carrying out of necessary procedures with the Stock Exchange. There could be a failure or delay in listing the NCDs on the Stock Exchange. In case of delay in listing beyond the timelines specified above, the Company will pay penal interest of 1% p.a. over the Coupon Rate to the Debenture Holders from the Deemed Date of Allotment to the date of listing of Debentures.

Any failure or delay in obtaining the approval would restrict an investor's ability to trade in the NCDs. There is no assurance that the NCDs issued pursuant to this Issue will be listed on Stock Exchange in a timely manner, or at all.

17. *Payments to be made on the NCDs are subordinated to certain taxes and other liabilities preferred by law. In the event of bankruptcy, liquidation or winding up, there may not be sufficient assets of our Company remaining, to pay amounts due on the NCDs.*

The NCDs will be subordinated to certain liabilities preferred by law such as the claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of our business. In particular, in the event of bankruptcy, liquidation or winding-up, our Company's assets will be available to pay obligations on the NCDs only after all of those liabilities that rank senior to the NCDs have been paid as per Section 327 of the Companies Act, 2013 or Section 53 of the Insolvency and Bankruptcy Code, 2016, as the case maybe. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining to pay amounts, due on the NCDs.

18. *Credit rating may not reflect all risks and any downgrading in credit rating of our NCDs may affect the value of NCDs and thus our ability to raise further debts.*

The NCDs proposed to be issued by our Company have been rated by ICRA Limited ("ICRA"). ICRA has, vide its letter dated February 02, 2024 assigned a rating of "[ICRA] BBB (Stable)" for an amount up to ₹ 150 crores for the NCDs along with the rationale. The rating of the NCDs by ICRA indicates moderate degree of safety regarding timely servicing of financial obligations and carry moderate credit risk. Any downgrade of our credit ratings would increase borrowing costs and restrict our access to capital and debt markets and, as a result, would negatively affect our net interest margin and our business.

The ratings provided by ICRA may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

19. *There is no active market for the NCDs on the Whole Sale Debt segment of the Stock Exchange. As a result, the liquidity and market prices of the NCDs may fail to evolve and may adversely affect the liquidity and market price.*

There can be no assurance that an active market for the NCDs will evolve. If an active market for the NCDs fails to evolve or be sustained, the liquidity and market prices of the NCDs may be adversely affected. The market price of the NCDs would depend on various factors, *inter alia*, including (i) the interest on similar securities available in the market and the general interest rate scenario in the country, (ii) the market price of our Equity Shares; (iii) the market for listed debt securities, (iv) general economic conditions and (v) our financial performance, growth prospects and results of operations. Therefore, these factors may adversely affect the liquidity and market price of the NCDs, which may trade at a discount to the price at which the NCDs are purchased and/or relatively illiquid.

20. *The NCDs are subject to the risk of change in law.*

The terms and conditions of the NCDs are based on Indian law in effect as of the date of issue of the relevant NCDs. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant NCDs and any such change could materially and adversely impact the value of any NCDs affected by it.

21. *Investors may be subject to taxes arising on the sale of the NCDs.*

Legal investment considerations may restrict certain investment. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities.

Each potential investor should consult its legal advisers to determine whether and to what extent (i) the NCDs are legal investments for it, (ii) the NCDs can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the NCDs.

22. *Payments made on the Unsecured NCDs will be subordinated to payments to the secured and unsecured creditors and certain tax and other liabilities preferred by law.*

The unsecured NCDs will be subordinated to all secured creditors of our Company as well as certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Unsecured NCDs only after all of those liabilities that rank senior to these unsecured NCDs have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the unsecured NCDs. Further, there is no restriction on the amount of debt securities that we may issue in future, that may rank above the unsecured NCDs. The issue of any such debt securities may reduce the amount recoverable by investors in the unsecured NCDs on our bankruptcy, winding-up or liquidation.

23. *The Issuer, being a listed NBFC company, is not required to maintain debenture redemption reserve (“DRR”).*

Our NCDs are listed on BSE Limited. Pursuant to Ministry of Corporate Affairs notification dated August 16, 2019 amending Section 71 of the Companies Act, 2013 read with Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014, a listed company is not required to maintain DRR for debentures issued through a Private Placement. Hence, investors shall not have the benefit of reserve funds to cover the re-payment of the principal and interest on the NCDs.

24. *The rights over the security provided will not be granted directly to holders of the NCDs.*

The rights over the security securing the obligations of our Company under the NCDs and the Trust Deed will not be granted directly to the NCD holders but will be granted only in favour of the Debenture Trustee. Consequently, NCD holders will not have direct security and will not be entitled to take enforcement action in respect of the security for the NCDs, except through the Debenture Trustee.

25. *Trading of the NCDs may be limited by temporary exchange closures, broker defaults, settlement delays, strikes by brokerage firm employees and disputes as also disruption in banking services in the entire / a part of the Country.*

The Indian Stock Exchanges have experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

26. *Maintenance of security cover or full recovery of security in case of enforcement (for secured issues)*

While the NCDs will be secured against a charge to the tune of at least 100% of the principal and interest amount in favour of Debenture Trustee, and it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the possibility of recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security

External Risk Factors

27. *Our growth depends on the sustained growth of the Indian economy. An economic slow-down in India and global conditions could have a direct impact on our operations and profitability.*

Macroeconomic factors that affect the Indian economy and the global economic scenario have an impact on our business. The quantum of our disbursements is driven by the growth in demand for CVs. Any slow-down in the Indian economy may have a direct impact on our disbursements and a slow-down in the economy, as a whole, can increase the level of defaults which may affect our Company's profitability, asset quality and growth plans.

28. *Our business is primarily dependent on the automobile and transportation industry in India.*

Our business, to a large extent, depends on the continued growth in the automobile and transportation industry in India, which is influenced by a number of extraneous factors which are beyond our control, *inter alia*, including but not limited to (a) the macroeconomic environment in India, (b) the demand for transportation services, (c) natural disasters and calamities, and (d) changes in regulations and policies in connection with motor vehicles. Such factors may result in a change in the sales or value of new and pre-owned Commercial Vehicles ("CV"). Correspondingly, the demand for availing finance for new and pre-owned commercial vehicles may decline, which in turn may adversely affect our financial condition and the results of our operations. Further, the ability of CV owners and/or operators to perform their obligations under existing financing agreements may be adversely affected if their businesses suffer as a result of the above factors.

Increase in competition from our peer group in the CV finance sector may result in reduction of our operations, which in turn may adversely affect our profitability.

Our Company mainly provides loans to pre-owned CV owners and/or operators in semi-urban and rural areas in India. We have been facing increasing competition from domestic and foreign banks and NBFCs operating in the CV finance segment of the industry. Some of our competitors could be very aggressive in underwriting credit risk and pricing their products and may have access to funds at a lower cost, wider networks and greater resources than our Company. Our financial condition and results of operations are dependent on our ability to obtain and maintain low cost funds and to provide prompt and quality services to our customers. If our Company is unable to access funds at a cost comparable to or lower than our competitors, we may not be able to offer loans at competitive interest rates to our customers. While our Company believes that it has historically been able to offer competitive interest rates on the loans extended to our customers, there can be no assurance that our Company will be able to continue to do so in future. An increase in competition from our peer group may result in a decline in our operation, which may in turn, result in reduced incomes from our operations and may adversely affect our profitability.

29. *Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our business.*

The GoI and various state governments over a period of time have been pursuing economic policies including encouraging private sector participation by relaxing restriction. There can be no assurance that these policies will continue in future as well. The rate of economic liberalization could change, and specific laws and policies affecting financial services companies, foreign investment, currency exchange rates and other matters affecting investments in Indian companies could change as well. A significant slow-down in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India, thus affecting our business. Any political instability in the country, including any change in the Government, could materially impact our business adversely.

30. *Our business may be adversely impacted by natural calamities or unfavourable climatic changes.*

India, Bangladesh, Pakistan, Indonesia, Japan and other Asian countries have experienced natural calamities such as earthquakes, floods, droughts and tsunami in recent years. India has experienced a severe pandemic for the last 3 years. These economies could be affected by the extent and severity of such natural disasters and pandemics may affect the financial services sector, of which our Company is a part. Prolonged spells of abnormal rainfall, drought and other natural calamities may have an adverse impact on the economy, our business and the price of our NCDs.

Any downgrading of India's sovereign rating by any of the international rating agencies may affect our business and our liquidity to a great extent.

Any adverse revision to India's credit rating for domestic and international debt by any of the international rating agencies may adversely impact our ability to raise additional finances at favourable interest rates and other commercial terms. This could have an adverse effect on our growth, financial performance and our operations.

Unexpected / unforeseen / unanticipated disruption in banking services across the entire / a part of the Country due to natural calamities, strikes, declaration of unforeseen holidays, power outages, failure of internet / satellite communication connectivity systems, etc., may impact our business adversely.

31. *We may not be able to successfully sustain our growth strategy.*

Our growth strategy exposes us to a wide range of increased risks, including business risks, such as the possibility that number of our impaired loans may grow faster than anticipated, as well as operational risks, fraud risks and regulatory and legal risks. It will also place significant demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls. Moreover, our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key managerial personnel, maintaining effective risk management policies, continuing to offer products which are relevant to our target base of clients developing managerial experience to address emerging challenges and ensuring a high standard of client service. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

32. *We face risks related to public health epidemics in India and abroad.*

Our business could be materially and adversely affected by the outbreak of public health epidemics, or the fear of such an outbreak recurs, we are not sure about the sustainable future of our business which may result in strain on our cashflows, results of operations and prospects, which in turn may lead to reduced ability to service our loan obligations.

SECTION III

GENERAL INFORMATION

General Information Document for issue of Debentures on a private placement basis Dated: 30 May 2024

PERIOD OF VALIDITY OF THIS GENERAL INFORMATION DOCUMENT

This General Information Document shall be valid for a period of 1 (one) year from the date of opening of the first offer of Debentures made under this General Information Document.

OFFER OF DEBENTURES UNDER KEY INFORMATION DOCUMENT

In respect of each offer of Debentures during the period of validity of this General Information Document, the Issuer shall file a Key Information Document for each such offer of Debentures, with the Stock Exchange.

DISCLOSURES AS PER SEBI DEBT LISTING REGULATIONS:

For all information required to be placed on the front page of a general information document as per Schedule I of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2023.

Sl. No	Particulars	Relevant Disclosure
1	Corporate Identity Number of the Issuer	L65910TZ1955PLC000145
2	Permanent Account Number of the Issue	AADCS0656G
3	Date and Place of Incorporation of the Issue	30 March 1955
4	Latest registration / identification number issued by any regulatory authority which regulates the Issuer (in this case the RBI):	07-00252
5	Registered Office address of the Issuer	No 62 Dr Nanjappa Road Coimbatore - 641018
6	Corporate Office address of the Issuer:	No 62 Dr Nanjappa Road Coimbatore - 641018
7	Telephone No of the Issuer:	0422 4326200 / 0422 2231471 - 474
8	Website address of the Issuer:	www.sakthifinance.com
9	Email address of the Issuer:	investors@sakthifinance.com
10	Details of Compliance officer of the Issuer:	Sri C Subramaniam
11	Details of Company Secretary of the Issuer:	Sri C Subramaniam
12	Details of Chief Financial Officer of the Issuer:	Sri Srinivasan Anand
13	Details of Promoters of the Issuer:	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director

14	Details of debenture trustee for the Issue	Catalyst Trusteeship Limited No 85 Bhusari Colony Right (Paud Road) Pune - 411 038 Telephone No 91 22 49220555 Website :www.catalysttrustee.com Email ID: ComplianceCTL-mumbai@ctltrustee.com Contact Person – Ms Deesha Trivedi Compliance Officer – Ms Kalyani Pandey SEBI Registration No : IND000000034 CIN:U74999PN1997PLC110262 Investor Grievance Email – grievance@ctltrustee.com
15	Details of statutory auditors of the Issuer:	M/s C S K Prabhu & Co Chartered Accountants (FRN 002485S) F4, Fourth Floor, Srivari Kikani Centre 2, Krishnaswamy Mudaliar Road, Coimbatore - 641 002 91 (422) 2552437; Email: csk@cskprabhu.com ; Contact Person: Sri. CSK Prabhu
16	Details of credit rating agency:	ICRA Limited Electric Mansion, 3rd Floor, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025 Tel: +91 22 61143406; Fax: +91 22 24331390 Email: shivakumar@icraindia.com; Website: www.icra.in Contact person: Mr. L Shivakumar Compliance Officer: Mr. Dharmesh Ved SEBI Registration No: IN/CRA/008/2015
17	Date of this general information document:	30 May 2024
18	Type of Issue Document:	This General Information Document is being issued in relation to the private placement basis of the Debentures. The Issuer will issue a separate key information document ("KID" or "Key Information Document") for each issuance of Debentures pursuant to this General Information Document.
19	The nature, number, price and amount of securities offered and issue size (base issue or green shoe), as may be applicable:	As set out in the relevant Key Information Document for the relevant issuance of Debentures
20	The aggregate amount proposed to be raised through all the stages of offers of non-convertible securities made through the shelf prospectus under section 31 of the Companies Act, 2013 (18 of 2013) (applicable in case of public issue):	Not applicable as the Debentures under this General Information Document are being issued on private placement basis under Section 42 of Companies Act, 2013.
21	Details of Registrar to the Issue:	To be set out in the relevant Key Information Document for the relevant issuance of Debentures
22	Issue Schedule	Date of opening of the Issue: To be set out in the relevant Key Information Document for the relevant issuance of Debentures. Date of closing of the Issue: To be set out in the relevant Key Information Document for the relevant issuance of Debentures. Date of earliest closing of the Issue (if any): To be set out in the relevant Key

		Information Document for the relevant issuance of Debentures.
23	The credit rating (cross reference of press release to be provided) of the Issue along with all the ratings obtained by the Issuer for the Issue:	To be set out in the relevant Key Information Document for the relevant issuance of Debentures.
24	The name(s) of the stock exchanges where the securities are proposed to be listed:	The Debentures are proposed to be listed on the BSE Limited
25	The details of eligible investors (applicable in case of private placement):	Please refer to Section VII (Eligible Investors) below
26	Coupon/dividend rate, coupon/dividend payment frequency, redemption date, redemption amount and details of debenture trustee	Please refer to Section VII (Summary Terms) of this General Information Document for the coupon rate, the coupon payment frequency, the redemption date and redemption amount in respect of the Debentures. The details of Debenture Trustee are provided under S. No. 14 above. Please also refer the relevant Key Information Document for the relevant issuance of Debentures.
27	Details about underwriting of the issue including the amount undertaken to be underwritten by the underwriters:	Not applicable
28	Inclusion of a compliance clause in relation to electronic book mechanism and details pertaining to the uploading the general information document on the Electronic Book Provider Platform (applicable in case of private placement).	Please refer Section 8.9 (Issue Procedure) below
29	Specific declaration requested by BSE: non-equity regulatory capita	This issue of Debentures does not form part of non-equity regulatory capital mentioned under Chapter V of the SEBI ILNCS Regulations. The face value of each Debenture is INR 1,00,000 (Indian Rupees One Lakh).
30	Recovery expense fund	Our Company had already created a recovery expense fund in the manner as specified by SEBI in Master Circular for DT dated March 31, 2023 and as updated on July 06, 2023, as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Designated Stock Exchange and informed the Debenture Trustee regarding the creation of such fund. The recovery expense fund may be utilized by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Background		
This General Information Document (as defined below) is related to the Debentures to be issued by Sakthi Finance Limited (the “Issuer” or “Company”) on a private placement basis and contains relevant information and disclosures required for the purpose of issuing of the Debentures. The issue of the Debentures described under this General Information Document has been authorised by the Issuer at their Board Meeting held on 27 March 2024 and through the Postal Ballot resolutions passed by the shareholders of the Issuer on 29 April 2024 and the Memorandum and Articles of Association of the		

Company. the Company has been authorised to raise funds, by way of issuance of non-convertible debentures, upon such terms and conditions as the Board may think fit for aggregate amounts not exceeding INR 49 crores (Indian Rupees forty nine Crore). The present issue of Debentures in terms of this General Information Document is within the overall powers of the Board pursuant to the resolution passed by the Company through Postal Ballot dated 5 April 2014 for an amount not exceeding INR 2,500 crores in accordance with provisions of the Companies Act 2013. For each specific offer/issue of Debentures, the Issuer shall obtain appropriate authorisations from the Board of Directors and/or any relevant Committee of the Board.

Issuer's Absolute Responsibility

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this General Information Document contains all information with regard to the Issuer and the Issue which is material in the context of the Issue, that the information contained in the General Information Document is true and correct in all material aspects and is not misleading, that the opinions and intentions expressed herein are honestly stated and that there are no other facts, the omission of which make this document as a whole or any of such information or the expression of any such opinions or intentions misleading.

ISSUE SCHEDULE	
Particulars	Date
Issue Opening date	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Issue Closing date	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Pay in date	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Deemed date of allotment	As set out in the relevant Key Information Document for the relevant issuance of Debentures

DISCLAIMERS
This General Information Document contains no unsubstantiated forward-looking statements. To the extent there are any unsubstantiated forward-looking statements under this General Information Document, such statements shall be considered to be null and void. This issue document does not include any statement purporting to be made by an expert other than if the expert is a person who is not, and has not been, engaged or interested in the formation or promotion or management, of the Issuer and has given their written consent to this issue of this General Information Document and has not withdrawn such consent before the delivery of a copy of this General Information Document to the Registrar (as applicable) for registration

Impersonation

As a matter of abundant precaution, attention of the investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, relating to punishment for fictitious applications, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly, a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*
- (d) shall be liable for action under Section 447 of the Companies Act, 2013”.*

The liability prescribed under Section 447 of the Companies Act 2013 for fraud involving an amount of at least ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

In case the fraud involves (i) an amount which is less than ₹ 10 lakh or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakh or with both.

CAPITAL STRUCTURE

Details of Share Capital

The share capital of our Company as on December 31, 2023 is set out below:

	Share capital	Amount (₹ lakh)
A	Authorized share capital	
	10,00,00,000 Equity Shares of ₹ 10 each	10,000.00
	30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00
	Total	13,000.00
B	Issued, subscribed and paid-up share capital	
	6,47,05,882 Equity Shares of ₹ 10 each	6,470.59
	15,00,000 8.25% Redeemable, Cumulative Preference Shares of ₹ 100 each@@	1,500.00
	8,70,150 9% Redeemable, Cumulative Preference Shares of ₹ 100 each @@	870.15
	Total	8,840.74
C	Securities premium as at December 31, 2023	1,429.80

@@- As on date of filing of this GID, entire outstanding of 8.25% RCPS have since been redeemed. The company has raised additional resources to the extent of ₹ 629.85 lakh by issue of 6.2985 lakh 9% RCPS and an amount aggregating ₹1500 lakh is the RCPS outstanding as on date.

The Issue will not result in any change in the paid-up Equity share capital of our Company and Securities Premium of our Company. None of the Equity Shares of our Company is either pledged or encumbered.

Notes to capital structure

1. Changes in the authorized share capital of our Company for the last three years preceding the date of this GID as on December 31, 2023

No change for the last three years period preceding the date of this GID.

2. Equity Share capital history of our Company for the last three (3) years preceding the date of this GID

No Change in the Equity Share capital status of our Company for the last three years preceding the date of this GID.

Promoter capital built up - No shares have been allotted in the last one year

Dr. M Manickam

Date of Allotment / Transfer	No of Shares	Face Value (₹)	Issue / Transfer Price (₹)	Consideration (Cash, other than cash etc)	Nature of Allotment/ Transfer	Source of Funding
February 24, 1988	14,625	10	10	Cash	Rights Issue	Own funding
November 4, 1989	2,500	10	10	Cash	Transfer	Own funding
November 4, 1989	1,750	10	10	Cash	Transfer	Own funding
November 4, 1989	25,000	10	10	-	Preference Shares converted into Equity Shares	-
June 4, 1993	43,875	10	30	Cash	Rights Issue	Own funding
August 17, 1993	(43,875)	10	30	-	(Transfer)	-

May 31, 1997	18,000	10	10	Cash	Transfer	Own funding
January 30, 2008	30,938	10	10	Cash	Rights Issue	Own funding
Total	92,813					

Sri M Balasubramaniam

Date of Allotment / Transfer	No of Shares	Face Value (₹)	Issue / Transfer Price (₹)	Consideration (Cash, other than cash etc)	Nature of Allotment/ Transfer	Source of Funding
August 16, 1980	2,500	10	10	Cash	Transfer	Own funding
November 2, 1984	1,500	10	10	Cash	Public Issue	Own funding
July 13, 1985	1,000	10	10	Cash	Transfer	Own funding
February 24, 1988	15,000	10	10	Cash	Rights Issue	Own funding
November 14, 1989	25,000	10	10	-	Preference Shares converted into Equity Shares	-
June 4, 1993	45,000	10	30	Cash	Rights Issue	Own funding
August 17, 1993	(45,000)	10	30	-	(Transfer)	-
January 30, 2008	22,500	10	10	Cash	Rights Issue	Own funding
January 30, 2008	1,24,500	10	10	Cash	Rights Issue	Own funding
Total	1,92,000					

3. Preference Share capital history of our Company for the last three (3) years preceding the date of this GID

8.25% Redeemable Cumulative Preference Shares redeemable at par at the end of 3 years

Date of allotment / Redemption	No. of Preference Shares allotted / (redeemed)	Face value (₹)	Issue / (Redemption) price (₹)	Nature of Consideration	Nature of Allotment	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Shares Capital (₹ lakh)	Cumulative Preference Shares Premium (₹ lakh)
February 13, 2021	3,49,000	100	100	Cash	Private Placement	3,49,000	349.00	-
February 26, 2021	4,86,500	100	100	Cash	Private Placement	8,35,500	835.50	-
March 12, 2021	2,00,500	100	100	Cash	Private Placement	10,36,000	1,036.00	-
March 31, 2021	1,33,000	100	100	Cash	Private Placement	11,69,000	1,169.00	-
April 19, 2021	3,31,000	100	100	Cash	Private Placement	15,00,000	1,500.00	-

(Since redeemed as at date of filing of this GID)

9% Redeemable Cumulative Preference Shares

Date of allotment / Redemption	No. of Preference Shares allotted / (redeemed)	Face value (₹)	Issue / (Redemption) price (₹)	Nature of Consideration	Nature of Allotment	Cumulative Number of Preference Shares	Cumulative Paid-up Preference Shares Capital (₹ lakh)	Cumulative Preference Shares Premium (₹ lakh)
December 16, 2023	2,86,750	100	100	Cash	Private Placement	2,86,750	286.75	-
December 30, 2023	5,83,400	100	100	Cash	Private Placement	8,70,150	870.15	-
January 23, 2024	2,80,200	100	100	Cash	Private Placement	11,50,350	1150.35	-
March 20, 2024	288,800	100	100	Cash	Private Placement	14,39,150	1439.15	-
April 17, 2024	60850	100	100	Cash	Private Placement	15,00,000	1500.00	-

The Cumulative no of Preference Shares as at end of 3 years preceding the date of GID is 15,00,000 (FV - ₹ 100 each).

The above allotments of Redeemable Cumulative Preference Shares have been made to persons other than promoters of the Company. As per Ind AS, these Preference Share Capital has been treated as debt.

4. Equity Shares / Preference Shares issued by our Company for a consideration other than cash

Our Company has not issued any Equity Shares / Preference Shares for a consideration other than cash.

5. Details of any acquisition or amalgamation in the last one year

Our Company has not made any acquisition or amalgamation in the last one year.

6. Details of any reorganization / reconstruction in the last one year

Our Company has not made any reorganization/ reconstruction in the last one year.

7. The Company has no subsidiary or associate company and accordingly the shareholding by the directors in these entities do not arise.

8. There is no instance of purchase or selling of any securities of our Company by (a) the member of promoters and promoter group; (b) the directors of company who are promoters of our Company; and (c) the Directors of our Company and their relatives, within six months immediately preceding the date of filing the GID.

9. Our Company does not have any outstanding borrowings taken / debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option.

10. Our Company does not have any employee stock option scheme.

11. Our Company does not have any outstanding warrants as on date of this GID.

12. Summary Statement holding of specified securities as on March 31, 2024

Sr No	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares under lying Depository Receipts	Total no of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialize form
								No of Voting rights			Total as a % of (A+B+ C)			No.	As a % of total Shares held (b)	No.	As a % of total Shares held (b)	
								Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
A	Promoter & Promoter Group	18	43363007	0	0	43363007	67.02	43363007	0	43363007	67.02	0	67.02	0	0.00	0	0	43363007
B	Public	10518	21342875	0	0	21342875	32.98	21342875	0	21342875	32.98	0	32.98	0	0.00	NA	NA	14991227
C	Non Promoter – Non Public															NA	NA	
C1	Shares under lying DRs	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
C2	Shares held by Employees Trust	0	0	0	0	0	0	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0
	Total (A+B+C)	10536	64705882	0	0	64705882	100.00	64705882	0.00	64705882	100.00	0	100.00	0	0	0	0	58354234

13. Statement showing Shareholding pattern of the Promoter (P) and Promoter Group (PG) as on March 31, 2024

SI No	Category and name of shareholder	Entity type	Nos. of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting rights					Total as a % of (A+B+C)	No.	As a % of total Shares held (b)	No.		As a % of total Shares held (b)
									Class: Equity	Class: NA	Total								
(I)	(II)	(III)		(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
1	Indian																		
(a)	Individuals / Hindu Undivided Family																		
	M Manickam	P	1	92813	0	0	92813	0.14	92813	0	92813	0.14	0.00	0.14	0	0.00	0	0.00	92813
	M Balasubramaniam	P	1	192000	0	0	192000	0.30	192000	0	192000	0.30	0.00	0.30	0	0.00	0	0.00	192000
	Mahalingam Srinivaasan	P	1	251355	0	0	251355	0.39	251355	0	251355	0.39	0.00	0.39	0	0.00	0	0.00	251355
	Karunambal Vanavarayar	P	1	7500	0	0	7500	0.01	7500	0	7500	0.01	0.00	0.01	0	0.00	0	0.00	7500
(b)	Central Government / State Government(s)																		
(c)	Financial Institutions / Banks																		
(d)	Any Other (Specify)																		

SI No	Category and name of shareholder	Entity type	Nos. of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares under lying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+ C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Under lying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
									No of Voting rights					Total as a % of (A+B+C)	No.	As a % of total Shares held (b)	No.		As a % of total Shares held (b)
									Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)		
	Bodies Corporate																		
	Sakthi Finance Financial Services Limited	PG	1	12420000	0	0	12420000	19.19	12420000	0	12420000	19.19	0	19.19	0	0.00	0	0.00	12420000
	ABT Investments India Private Ltd	PG	1	8727400	0	0	8727400	13.49	8727400	0	8727400	13.49	0	13.49	0	0.00	0	0.00	8727400
	Sakthi Financial Services Cochin P Ltd	PG	1	7157128	0	0	7157128	11.06	7157128	0	7157128	11.06	0	11.06	0	0.00	0	0.00	7157128
	The Gounder And Company Auto Ltd	PG	1	3925000	0	0	3925000	6.07	3925000	0	3925000	6.07	0	6.07	0	0.00	0	0.00	3925000
	ABT Finance Limited	PG	1	3331162	0	0	3331162	5.15	3331162	0	3331162	5.15	0	5.15	0	0.00	0	0.00	3331162
	ABT Foundation Limited	PG	1	2475000	0	0	2475000	3.83	2475000	0	2475000	3.83	0	3.83	0	0.00	0	0.00	2475000
	Sakthi Realty Holdings Limited	PG	1	2475000	0	0	2475000	3.83	2475000	0	2475000	3.83	0	3.83	0	0.00	0	0.00	2475000
	Sakthi Sugars Ltd	PG	1	1040000	0	0	1040000	1.61	1040000	0	1040000	1.61	0	1.61	0	0.00	0	0.00	1040000
	ABT Industries Limited	PG	1	919926	0	0	919926	1.42	919926	0	919926	1.42	0	1.42	0	0.00	0	0.00	919926
	Sri Chamundeswari Sugars Ltd	PG	1	24000	0	0	24000	0.04	24000	0	24000	0.04	0	0.03	0	0.00	0	0.00	24000
	Sri Sakthi Textiles Ltd	PG	1	7000	0	0	7000	0.01	7000	0	7000	0.01	0	0.01	0	0.00	0	0.00	7000
	Sakthi Logistic Services Ltd	PG	1	5700	0	0	5700	0.01	5700	0	5700	0.01	0	0.01	0	0.00	0	0.00	5700
	M Mariammal	PG	1	36000	0	0	36000	0.06	36000	0	36000	0.06	0.00	0.06	0	0.00	0	0.00	36000
	N. Mahalingam	PG	1	276023	0	0	276023	0.43	276023	0	276023	0.43	0.00	0.43	0	0.00	0	0.00	276023
	Total A (a+b+c+d)		18	42819339	0	0	42819339	66.18	42819339	0	42819339	66.18	0	66.18	0	0.00	0	0.00	42819339

14. Statement showing Shareholding pattern of the Public Shareholders as on March 31, 2024

Sr No	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)		
								Class: Equity	Class: NA	Total									
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)		
(I)	Institutions																		
	(Indian)																		
(a)	Mutual Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(b)	Venture Capital Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(c)	Alternate Investment Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(d)	Banks	2	900	0	0	900	0.0014	900	0	900	0.0014	0	0.0014	0	0	0	NA	NA	0
(e)	Insurances Companies	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(f)	Provident Funds / Pension Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(g)	Asset Reconstruction Companies	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(h)	Sovereign Wealth Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(i)	NBFCs registered with RBI	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(j)	Other Financial Institutions	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
(k)	Any Other (specify)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0
	Sub-Total(B)(1)	2	900	0	0	900	0.0014	900	0	900	0.0014	0	0.0014	0	0	0	NA	NA	0

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SI No	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form		
								No of Voting rights			Total as a % of (A+B+ C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)			
								Class: Equity	Class: NA	Total										
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)		
(2)	Institutions (Foreign)																			
(a)	Foreign Direct Investment	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
(b)	Foreign Venture Capital Investors	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
(c)	Sovereign Wealth Funds	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
(d)	Foreign Portfolio Investors Category I	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
(e)	Foreign Portfolio Investors Category II	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
(f)	Overseas depositories (holding DRs) (Balancing Figure)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
(g)	Any Other (Specify)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	0	NA	NA	0.00	
	Sub-Total(B)(2)	0	0	0	0	0	0.00	0	0	0	0.00	<i>NA</i>	0.00	0	0.00	0	0.00	NA	NA	0.00

SI No	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class: Equity	Class: NA	Total									(a)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)	
(3)	Central/ State Govt(s)																		
(a)	Central Govt/ President of India	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	
(b)	State Govt/ Governor	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	
(c)	Shareholding by Cos. Bodies Corporate where Central/ State Govt. is a promoter	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	
	Sub-Total (B)(3)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	
4)	Non Institutions		0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	
(a)	Associate Companies /Subsidiaries	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	
(b)	Directors and their relatives (excluding Independent Directors / Nominee Directors)	0	0	0	0	0	0.00	0	0	0	0	0	0	0	0	NA	NA	0	

SI No	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
								Class: Equity	Class: NA	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)				(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
(c)	Key Managerial Personnel	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0.00
(d)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0.00
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	0	0	0	0	0	0.00	0	0	0	0.00	0	0.00	0	0.00	NA	NA	0.00
(f)	Investor Education and Protection Fund	1	563187	0	0	563187	0.87	563187	0	563187	0.87	0	0.00	0	00	NA	NA	563187

Sl No	Category of shareholder		Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held	
									Class: Equity	Class: NA	Total								
(I)	(II)		(III)	(IV)	(V)	(VI)	(VII)= (IV)+(V)+(VI)	(VIII)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII) (b)		(XIII) (b)		(XIV)	
g)	Resident Individuals holding nominal share capital up to ₹ 2 lakhs		10247	3311117	0	0	3311117	5.12	3311117	0	3311117	5.12	0	5.12	0	0.00	NA	NA	2590181
h)	Resident Individuals holding nominal share capital in excess of ₹ 2 lakhs		21	1434881	0	0	1434881	2.22	1434881	0	1434881	2.22	0	2.22	0	0.00	NA	NA	1191731
i)	Non-Resident Indians		48	45009	0	0	45009	0.07	45009	0	45009	0.07	0	0.07	0	0.00	NA	NA	44809
j)	Foreign Nationals		0	0	0	0	0	0	0	0	0	0.00	0	0.0000	0	0.00	NA	NA	0
k)	Foreign Companies		1	4450000	0	0	4450000	6.88	4450000	0	4450000	6.88	0	6.88	0	0.00	NA	NA	0
l)	Bodies Corporates		68	11270667	0	0	11270667	17.42	11270667	0	11270667	17.42	0	17.42	0	0.00	NA	NA	10334205
	Avadhoot Finance and Investment Private Limited	AAACA6917D	1	5624208	0	0	5624208	8.69	5624208	0	5624208	8.69	0	8.69	0	0.00	NA	NA	5624208
	Sakthi Management Services(Coimbatore) Limited	AAGCS7065J	1	4335434	0	0	4335434	6.70	4335434	0	4335434	6.70	0	6.70	0	0.00	NA	NA	4335434
	Grahasakthi Properties Pvt. Ltd	AACCG1983D	1	927237	0	0	927237	1.43	927237	0	927237	1.43	0	1.43	0	0.00	NA	NA	0
m)	Any Other (Specify)		130	267114	0	0	267114	0.41	267114	0	267114	0.41	0	0.41	0	0.00	NA	NA	267114
	i. Body Corp-Ltd Liability Partnership		2	5500	0	0	5500	0.01	5500	0	5500	0.01	0	0.01	0	0.00	NA	NA	5500
	ii. Other Directors / Relatives		1	300	0	0	300	0.00	300	0	300	0.00	0	0.00	0	0.00	NA	NA	300
	iii. HUF		125	248394	0	0	248394	0.38	248394	0	248394	0.38	0	0.38	0	0.00	NA	NA	248394
	iv. Clearing member		1	10095	0	0	10095	0.02	10095	0	10095	0.02	0	0.02	0	0.00	NA	NA	10095
	v. Unclaimed Shares		1	2825	0	0	2825	0.00	2825	0	2825	0.00	0	0.00	0	0.00	NA	NA	2825
	Sub Total (B)(4)		10516	21341975	0	0	21341975	32.98	21341975	0	21341975	32.98	0	32.98	0	0.00	NA	NA	14991227
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)+(B)(4)		10518	21342875	0	0	21342875	32.9844	21342875	0	21342875	32.9844	0	32.9844	0	0.00	NA	NA	14991227

Sl No	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total no. of shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
								No of Voting rights			Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class: Equity	Class: NA	Total									
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)=(IV)+(V)+(VI)	(VIII)	(IX)				(X)	(XI)=(VII)+(X) As a % of (A+B+C2)	(XII) (b)		(XIII) (b)		(XIV)	
g)	Resident Individuals holding nominal share capital up to ₹ 2 lakhs	10247	3311117	0	0	3311117	5.12	3311117	0	3311117	5.12	0	5.12	0	0.00	NA	NA	2590181	
h)	Resident Individuals holding nominal share capital in excess of ₹ 2 lakhs	21	1434881	0	0	1434881	2.22	1434881	0	1434881	2.22	0	2.22	0	0.00	NA	NA	1191731	
(i)	Non-Resident Indians	48	45009	0	0	45009	0.07	45009	0	45009	0.07	0	0.07	0	0.00	NA	NA	44809	
(j)	Foreign Nationals	0	0	0	0	0	0	0	0	0	0.00	0	0.0000	0	0.00	NA	NA	0	
(k)	Foreign Companies	1	4450000	0	0	4450000	6.88	4450000	0	4450000	6.88	0	6.88	0	0.00	NA	NA	0	
(l)	Bodies Corporates	68	11270667	0	0	11270667	17.42	11270667	0	11270667	17.42	0	17.42	0	0.00	NA	NA	10334205	
	Avadhoot Finance and Investment Private Limited	AAACA6917D	1	5624208	0	0	5624208	8.69	5624208	0	5624208	8.69	0	8.69	0	0.00	NA	NA	5624208
	Sakthi Management Services(Coimbatore) Limited	AAGCS7065J	1	4335434	0	0	4335434	6.70	4335434	0	4335434	6.70	0	6.70	0	0.00	NA	NA	4335434
	Grahasakthi Properties Pvt. Ltd	AACCG1983D	1	927237	0	0	927237	1.43	927237	0	927237	1.43	0	1.43	0	0.00	NA	NA	0
(m)	Any Other (Specify)	130	267114	0	0	267114	0.41	267114	0	267114	0.41	0	0.41	0	0.00	NA	NA	267114	
	vi.Body Corp-Ltd Liability Partnership	2	5500	0	0	5500	0.01	5500	0	5500	0.01	0	0.01	0	0.00	NA	NA	5500	
	vii. Other Directors / Relatives	1	300	0	0	300	0.00	300	0	300	0.00	0	0.00	0	0.00	NA	NA	300	
	viii.HUF	125	248394	0	0	248394	0.38	248394	0	248394	0.38	0	0.38	0	0.00	NA	NA	248394	
	ix. Clearing member	1	10095	0	0	10095	0.02	10095	0	10095	0.02	0	0.02	0	0.00	NA	NA	10095	
	x. Unclaimed Shares	1	2825	0	0	2825	0.00	2825	0	2825	0.00	0	0.00	0	0.00	NA	NA	2825	
	Sub Total (B)(4)	10516	21341975	0	0	21341975	32.98	21341975	0	21341975	32.98	0	32.98	0	0.00	NA	NA	14991227	
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)+(B)(4)	10518	21342875	0	0	21342875	32.9844	21342875	0	21342875	32.9844	0	32.9844	0	0.00	NA	NA	14991227	

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15. Top ten equity shareholders of our Company as on March 31, 2024

Sr No	Name of shareholder	No. of Equity Shares of face value of ₹ 10 each	No of Equity shares in dematerialized form	Total shareholding as a % of total no of equity shares
1	Sakthifinance Financial Services Limited	1,24,20,000	1,24,20,000	19.19
2	ABT Investments (India) Private Limited	87,27,400	87,27,400	13.49
3	Sakthi Financial Services (Cochin) Private Ltd	71,57,128	71,57,128	11.06
4	Avdhoot Finance and Investment Private Limited	56,24,208	56,24,208	8.69
5	Bridgewater Investment Corporation Limited	44,50,000	44,50,000	6.88
6	Sakthi Management Services (Coimbatore) Ltd	43,35,434	43,35,434	6.70
7	The Gounder and Company Auto Limited	39,25,000	39,25,000	6.07
8	ABT Finance Limited	33,31,162	33,31,162	5.15
9	ABT Foundation Limited	24,75,000	24,75,000	3.83
10	Sakthi Realty Holdings Limited	24,75,000	24,75,000	3.83
	Total	5,49,20,332	5,49,20,332	84.89

16. Top ten preference shareholders of our Company

9% Redeemable Cumulative Preference Shares of ₹ 100 each as on April 30, 2024

Sr. No	Name of the Preference Shareholder	No. of Preference Shares of face value of ₹ 100 each	Total shareholding as a % of total no of Preference Shares
1	Manimekalai S	50,000	3.33
2	T S Mohanlingam	40,000	2.67
3	V Prema	25,000	1.67
4	Harshitha Elango	20,000	1.33
5	A Bhuvaneshwari	16,000	1.07
6	G Ramakrishnan	15,000	1.00
7	S Jeyavani	15,000	1.00
8	Subbu P	15,000	1.00
9	E Mangalam	14,000	0.93
10	R Santhi Saravana Devi	13,000	0.87
	Total	2,23,000	14.87

17. Top ten holders of Secured and Unsecured, Redeemable Non-Convertible Debentures as on March 31, 2024

(a) Unlisted Secured Redeemable Non-Convertible Debentures (₹ 1,000 each) issued on private placement basis

Sr. No	Name of Debenture holder	Number of NCDs	Aggregate Amount (₹ in lacs)
1	Manoharan P	45,000	450.00
2	Jansi Rani Ramaswamy	24,000	240.00
3	Tarla H Malani	20,000	200.00
4	Raghupathy Swaminathan	17,600	176.00
5	Selva Chidambaram S	16,000	160.00
6	Venkateswaran K R	15,000	150.00
7	Kasi Hariharan	13,000	130.00
8	Paramasivan Angala Srinivasan	13,000	130.00
9	Sakthifinance Financial Services Ltd.	12,500	125.00
10	Suganthy M	12,500	125.00

(b) Listed, Secured and Unsecured Redeemable Non-Convertible Debentures:

Public Issue 2019 (₹1,000 each)

Sr. No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	R Gurusamy	90.00	2.06
2	Samyuktha Vanavarayar	75.00	1.71
3	Vinodhini Balasubramaniam	70.00	1.60
4	G Radha	60.00	1.37
5	D Baskaran (HUF)	50.00	1.14
6	Jude Kamil A	50.00	1.14
7	Ganesan Kannan	50.00	1.14
8	Aruchamy B	44.00	1.01
9	Shruthi B	35.00	0.80
10	Subbarayan P	26.40	0.60
	Total	550.40	12.58

(c) Listed, Secured and Unsecured Redeemable Non-Convertible Debentures:

Public Issue 2020 (₹ 1,000 each)

Sr. No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	S Senthil Saravanan	100.00	2.05
2	Brahmavidyanayaki	60.00	1.23
3	Vijaya Shantha Priya	50.00	1.03
4	Vijayalakshmi T	50.00	1.03
5	Surendrakumar	50.00	1.03
6	Vijayalakshmi K	33.00	0.68
7	Kothandapani A	31.00	0.64
8	Rathinamala J	30.00	0.62
9	N Muralidharan	30.00	0.62
10	G.Ramu	30.00	0.62
	Total	464.00	9.52

(d) Listed Secured and Unsecured Redeemable Non-Convertible Debentures:

Public Issue 2021 (₹ 1,000 each)

Sr. No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Karunambal Vanavarayar	300.00	2.19
2	Jansi Rani Ramasamy	230.00	1.68
3	Achudan Bhuvana Mohan Soshma Pradeep Kumar	180.00	1.31
4	Saikumar B A	150.00	1.10
5	Anitha Shaikumar	133.00	0.97
6	Samyuktha Vanavarayar	120.00	0.88
7	Samyuktha N	100.00	0.73
8	R Lalitha	100.00	0.73
9	Brinda Magalingam	85.00	0.62
10	Thirugnanasampantham G	70.00	0.51
	Total	1,468.00	10.72

(e) **Listed, Secured, Redeemable Non-Convertible Debentures:**

Public Issue 2022 (₹ 1,000 each)

Sr. No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Jansi Rani Ramaswamy	254.00	3.20
2	Karunambal Vanavarayar	224.00	2.82
3	Sakthi Finance Financial Services Ltd	100.00	1.26
4	Karthikraj Vengiduswamy Loganathan	100.00	1.26
5	Mahalakshmi Karthikraj	100.00	1.26
6	Dhiren Hiralal Malani	90.00	1.13
7	Savithiri Chandrasekaran	63.00	0.79
8	Karunanithi	60.00	0.76
9	Anitha Shaikumar	50.16	0.63
10	Saikumar B A	50.06	0.63
	Total	1,091.22	13.75

(f) **Listed, Secured Redeemable Non-Convertible Debentures:**

Public Issue 2023 (₹ 1,000 each)

Sr. No	Name of Debenture holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	K Karpakavalli	400.00	2.72
2	C A Dhanalakshmi	200.00	1.36
3	Jansi Rani Ramaswamy	198.00	1.35
4	S Gomathy	120.00	0.82
5	Vinodhini Balasubramaniam	100.00	0.68
6	Vasundhara Reddy Pelleti	100.00	0.68
7	M Sowbaranya	100.00	0.68
8	Sockalingam Kalidhas	80.00	0.54
9	U Theetharappan	60.00	0.41
10	GangasamyVenkateshan	60.00	0.41
	Total	1,418.00	9.66

(g) **Listed, Secured Redeemable Non-Convertible Debentures:**

Public Issue 2024 (₹ 1,000 each)

Sl No	Name of Debenture Holder	Aggregate Amount (₹ lakh)	Total holding as a % of total no of Debentures
1	Palanisamy Velusamy	240.00	1.62
2	Jansi Rani Ramaswamy	210.00	1.42
3	Balan Ayanikkal	150.00	1.01
4	Ayanikkal Sujith	150.00	1.01
5	Sockalingam Kalidhas	100.00	0.68
6	Vinodhini Balasubramaniam	100.00	0.68
7	Tarla H Malani	100.00	0.68
8	Kalidhas Makhalekshemi	100.00	0.68
9	Radhabai S	100.00	0.68
10	V Raghuraman	60.00	0.41
	Total	1,310.00	8.85

18. Top ten holders of privately placed Subordinated Debt II (₹ 10,000 each) instrument as on April 30, 2024

Sl No	Name of debenture holder	Number of debentures	Aggregate Amount (₹ in lakh)
1	Muraleedharan A	510	51.00
2	Ramadurai N	456	45.60
3	Kumar S	320	32.00
4	Palaniappan S	300	30.00
5	Varadharaj B	300	30.00
6	Sukumar N	290	29.00
7	Vijayalakshmi K	250	25.00
8	Lata K Sonpal	250	25.00
9	Sukumar R	240	24.00
10	Kalaivani S	232	23.20

SECTION IV

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. This Chapter should be read in conjunction with the Sections “Forward Looking Statements”, “Risk Factors” and “Annexure F - Financial Statements” on page 5, 13, 130, respectively, of this GID. Unless stated otherwise, the financial data used in this chapter, has been taken from Chapter titled “Financial Statements (Annexure-F)” beginning from page no 130 of the GID.

Our Company was incorporated in the year 1955 and has a track record of nearly four decades in commercial vehicle financing segment. We are registered with RBI, under Section 45-IA of the Reserve Bank of India Act, 1934, with Department of Non-Banking Supervision, Chennai, as a NBFC Deposit-taking - Investment and Credit Company (earlier termed as Asset Financing Company).

We are part of “Sakthi Group” of companies based in Coimbatore, South India, and a reputed and well-known Industrial conglomerate having major presence in sugar, industrial alcohol, automobile distribution, auto components, dairy, co-generation, wind energy and transportation.

We are an Investment and Credit company with primary focus on financing pre-owned commercial vehicles. We also provide finance for purchasing infrastructure construction equipment, multi-utility vehicles, cars, jeeps and other machinery. The finances provided are secured by lien on the assets financed. Our target customers predominantly comprise Small / Medium Road Transport Operators (“SRTOs / MRTOs”) and primarily hail from rural / semi-urban area. The SRTOs / MRTOs looks for speedy disposal of finance at competitive rates. We have identified this opportunity and positioned ourselves between the organized banking sector and local money lenders by offering the finance at competitive rate with flexible and speedy lending services to our customers. We operate primarily in the Southern region of the country mainly in the States of Tamil Nadu and Kerala through our branch network and customer service points. We have network of 53 branches, located in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, Haryana and Union Territory of Puducherry. In addition to finance business, we generate power from windmills and sell it to Tamil Nadu Electricity Board and Gujarat Urja Vikas Nigam Limited. At present, we have 17 windmills with an aggregate capacity of 5,150 kW located in the States of Tamil Nadu and Gujarat.

As on December 31, 2023, we have an Asset Under Management (“AUM”) (*i.e.* Stock on Hire) of ₹ 1,22,168.76 lakh (net AUM after ECL provisions for impairment Allowance). Our AUM (net of ECL provisions) has grown from ₹ 1,09,353.73 lakh as at March 31, 2021 to ₹ 1,14,500.10 lakh as at March 31, 2023 at a CAGR of 2.33%. For nine months ended December 31, 2023 the income from operations was ₹ 15,258.39 lakh. The income from hire purchase business constitutes about 94% of operating income of the Company for the FY ended March 31, 2023. For FY 2023, the income from hire purchase business was ₹ 18,603.02 lakh as against ₹ 16,446.30 lakh for FY 2021, registering a YoY growth of 13.11% and CAGR 4.19%.

As on December 31, 2023 the gross Stage 3 Assets as a percentage of loan assets is 5.48% and Net Stage 3 Assets as a percentage of loan assets is 2.85%. The Gross Stage 3 Assets as a percentage of loan assets was 5.85%, 5.18% and 4.95% as at March 31, 2023, March 31, 2022 and March 31, 2021 respectively. While Net Stage 3 Assets was 2.95%, 2.14% and 2.30% as at March 31, 2023, March 31, 2022 and March 31, 2021 respectively.

As at March 31, 2023, March 31, 2022, and March 31, 2021 the ECL as determined under Ind AS 109 was ₹ 5,192.14 lakh, ₹ 4,511.27 lakh, and ₹ 3,632.73 lakh respectively.

The capital adequacy ratio, computed on the basis of applicable RBI requirements, as on December 31, 2023 is 18.01%. The capital adequacy ratio as on March 31, 2023, March 31, 2022 and March 31, 2021 were 19.68%, 21.66% and 22.52% respectively. (*Source: Respective RBI Returns*).

SUMMARY OF OUR KEY OPERATIONAL AND FINANCIAL PARAMETERS

A summary of our key operational and financial parameters as at and for the last Three completed financial years and nine months ended December 31, 2023 (“LRR”) are as follows (For details, please refer Chapter titled “Annexure F - Financial Statements” beginning from Page 130):

(₹ lakh)

Particulars	December 31, 2023	March 31,		
		2023	2022	2021
Property, Plant and Equipment (including Right of use and intangible assets)	7,144.10	7,330.89	7,494.90	7,661.44
Financial Assets	1,28,671.84	1,20,423.46	1,17,276.62	1,15,778.27
Non-Financial Assets (excluding PPE but including deferred tax assets-net)	2,309.86	2,303.64	2,171.48	603.73
Total Assets	1,38,125.80	1,30,057.99	126,943.00	1,24,043.44
Financial Liabilities - Derivative Financial Instruments	0.00	0.00	0.00	0.00
Financial Liabilities (Trade Payables and Other Payables)	304.12	349.41	303.17	295.36
Financial Liabilities				
-Debt Securities	51,366.83	48,792.43	41,560.04	28,929.69
-Borrowings other than debt securities	16,229.63	14,654.08	15,565.69	23,059.16
-Subordinated Liabilities	40,097.48	41,512.40	39,530.77	33,529.65
-Fixed Deposits	6,525.73	2,444.17	8,540.60	17,086.35
-Other Financial Liabilities	1,919.11	1,384.96	1,426.14	1,672.37
Non-Financial Liabilities				
-Current Tax Liabilities (net)	38.48	0.00	0.00	47.29
-Provisions	163.08	135.49	122.65	118.09
-Deferred Tax Liabilities (net)	0.00	0.00	0.00	39.48
- Other Non-Financial Liabilities	57.87	97.78	99.55	68.47
Equity Share Capital	6,470.59	6,470.59	6,470.59	6,470.59
Other Equity	14,952.88	14,216.68	13,323.80	12,726.94
Total Equity and Liabilities	1,38,125.80	130,057.99	126,943.00	1,24,043.44

Revenue	December 31, 2023	March 31,		
		2023	2022	2021
-Revenue From Operations	15,258.39	19,180.60	18,133.71	17,132.79
-Other Income	0.19	13.37	1.40	0.87
Total Revenue	15,258.58	19,193.97	18,135.11	17,133.66
Total Expenses	13,702.00	17,458.00	16,843.07	15,876.22
Profit / Loss Before Tax	1,556.58	1,735.97	1,292.04	1,257.44
Profit / loss after tax	1,152.03	1,249.37	951.88	925.79
Other Comprehensive Income	37.10	31.76	33.22	13.58
Total Comprehensive Income	1,189.13	1,281.13	985.10	939.37
Earnings per equity share:				
(a) Basic	1.78	1.98	1.52	1.45
(b) Diluted	1.78	1.98	1.52	1.45

Particulars	December 31, 2023	March 31,		
		2023	2022	2021
Cash Flow				
Net cash generated from operating activities	(4,685.85)	(162.87)	210.56	639.40
Net cash generated from Investing activities	313.43	2,031.95	(659.94)	174.46
Net cash generated from financing activities	5,166.86	(315.80)	534.78	(562.53)
Cash and cash equivalents	3,797.22	3,002.79	1,449.51	1,364.11
Balance as per statement of cash flows	3,797.22	3,002.79	1,449.51	1,364.11

Additional Information:

Particulars	December 31, 2023	March 31,		
		2023	2022	2021
Net worth*	18,520.63	17,927.28	17,095.14	16,488.67
Cash and Cash Equivalents	3,797.22	3,002.79	1,449.51	1,364.11
Investments	898.47	1,344.51	2,487.88	2,668.28
Assets Under Management	1,22,168.76	1,14,500.10	1,10,311.20	1,09,353.73
Off Balance Sheet Assets	-	-	-	-
Total Debts to Total assets	0.75	0.84	0.84	0.84
Debt Service Coverage Ratios (times)**	0.10	0.12	0.12	0.12
Debt Service Coverage Ratios (times)** - Annualized	0.13	0.12	0.12	0.12
Interest Income (including fees and commission)	14,983.04	18,936.19	17,888.46	16,911.19
Interest Expense	8,688.56	11,033.57	10,958.87	10,721.04
Impairment on Financial Instruments	492.71	926.07	1034.37	787.71
Interest service coverage ratio (times)**	1.19	1.17	1.13	1.13
Bad debts to Account receivable ratio **	0.22%	0.20%	0.14%	0.15%
Gross Stage 3 Assets (% on Principal Amount)###	5.48	5.85	5.18	4.95
Net Stage 3 Assets (% on Principal Amount) ###	2.85	2.95	2.14	2.30
Tier I Capital Adequacy Ratio (%)	13.31	13.99	13.74	13.05
Tier II Capital Adequacy Ratio (%)	4.70	5.69	7.92	9.47

* Net-worth computed after deducting Revaluation Reserves, Capital Reserves and Miscellaneous Expenses to the extent not written off and not reckoning Intangible Assets and comprehensive income as part of Net worth.

** Notes:-

- Debt Service Coverage Ratio = (PAT + Interest + Depreciation) / (Interest + Principal repayment of Total Loans)
- Interest Service Coverage Ratio = (PAT + Interest + Depreciation) / (Interest Costs)
- Bad Debts Written off / (Trade Receivables + Loans)

(Source Audited Financial Statements for the FY ended / as at March 31, 2023, March 31, 2022, March 31, 2021 and Unaudited Financial Statements for the nine months ended / as at December 31, 2023 along with Limited Review Report submitted to the Stock Exchange as a part of compliance under SEBI LODR).

Disclosure as per SEBI LODR on the Financials for the 9 months ended December 31, 2023 was made to BSE on February 08, 2024. There was a typographical error in reporting of the figures in the above SEBI LODR disclosure. At the Board Meeting held on May 25, 2024 the audited financial results for the year ended / as at March 31, 2024 was taken on record and the LODR disclosure was made to the BSE on May 25, 2024. Our Company has effected the corrections in the disclosure dated May 25, 2024 and accordingly the corrected figures for December 31, 2023 have been incorporated in the above table.

The following table sets out, as on the dates indicated, data regarding our NPAs and Capital Adequacy Ratios:
(₹ lakh)

Particulars (As per Ind AS)	December 31, 2023	March 31,		
		2023	2022	2021
Gross Stage 3 Assets	6988.98	6,997.89	5,942.21	5,594.01
Net Stage 3 Assets	3456.95	3,420.94	2,355.20	2,522.83
Expected Credit Loss (“ECL”)	5,408.86	5,192.14	4,511.27	3,632.73
Gross Loan Assets/ Gross Credit Exposure	1,27,569.85	1,19,692.24	1,14,822.47	1,12,986.46
Net Loan Assets/ Net Credit Exposure*	1,24,112.92	1,16,115.29	1,11,235.45	1,09,915.28
% of gross Stage 3 Assets to Total Loan Assets	5.48	5.85	5.18	4.95
% of net Stage 3 Assets to Net Loan Assets	2.85	2.95	2.14	2.30
Capital Adequacy Ratio (%)	18.01	19.68	21.66	22.52

* Net loan assets/net credit exposure = Total loan assets less provision for non-performing assets
Provision for non-performing assets = Gross Stage 3 Asset minus Net Stage 3 Assets (as per IRACP)

(Source: RBI NBS 01 Returns filed by SFL for relevant periods and the Annual Reports for 2023, 2022 and 2021 and December 31, 2023 (provisional))

OUR STRENGTHS

Unique Business Model

We are an Investment and Credit company with primary focus on financing pre-owned commercial vehicles. Our target customers comprise SRTOs / MRTOs, primarily hailing from rural / semi-urban area. These SRTOs / MRTOs generally find difficulty in obtaining finance from banks on account of their limited credit history and inability to meet the lending covenants of the banks. At the same time, local money lenders offer speedy and flexible finance however at extensively high rate. We identified this opportunity and positioned ourselves between banks and local money lenders to service this population. We have adopted a prompt loan approval and simple documentation procedures, set our offer rates between those of the banks and the money lenders. We believe that we, among the few financial institutions in the organized sector, satisfy the need of the target customers.

Effective origination, credit appraisal and collection processes

We have nearly four decades of experience in the asset financing business. We have established an effective process for origination, monitoring and collecting receivables which enabled us to generate the stable growth with control over asset quality.

Our target customers mainly hail from rural / semi-urban areas. For such customer segment, the knowledge of local culture and long relationship with the customers play a key role for growth in the operation. We have adopted a distinguished and cost-effective business origination policy and we originate the business through our branch networks in association with marketing officers termed as Customer Service Points (“CSPs”). These CSPs are local residents of the area and have the domain knowledge of that area. They identify potential customers in defined area and maintain long-term relationship with the existing customers. Further, this business model also enables us to be proactive and develop future products for our customers. Moreover, we

find that the CSP arrangement is cost effective as they function from Small Office Home Office (“SOHO”) provided by our Company without having a formal branch set-up.

We have designed stringent evaluation process and credit policies to ensure the asset quality of our loans and the security provided for such loans. Our credit policy comprises classification of target customers in terms of track record, classification of assets, differentiated loan to value ratio for different class of customers and assets, limits on customer exposure etc. Further, in order to build quality assets and reduce NPA level, we have developed a culture of accountability by making our marketing officers responsible for loan administration, monitoring as well as recovery of the loans they originate. With our long-standing understanding and experience in the pre-owned vehicle finance segment, we have developed expertise in valuation of pre-owned vehicles which enables us to accurately determine a recoverable loan amount for commercial vehicle. We believe our Company has established a tested valuation technique for the assets which acts as a crucial entry barrier for others seeking to enter our market segment.

Our entire recovery and collection operation are administered in-house and we do not outsource loan recovery and collection operations. We believe that our loan recovery procedure is particularly well-suited to our target market in the commercial vehicle financing industry, as reflected by our high loan recovery ratios compared to others in the financial services industry and we believe that this knowledge and relationship-based recovery procedure is difficult to replicate in the short to medium term.

Long-standing presence in Southern Regional market

We have been operating in vehicle financing Industry for nearly four decades focusing on Southern part of India particularly in the States of Tamil Nadu and Kerala. We have a network of 53 branches with more than 90% branches located in Tamil Nadu and Kerala. We believe that our continuous focus and presence in the concentrated regional market enabled us to understand customer’s requirements and create long and trust-worthy relationship with them by providing quality service and support as per the requirements from proximate locations. At present, around 50% of our total business comes from the existing customers.

Experienced senior management team

Our Board consists of 8 (Eight) Directors, with wide experience in the automotive and/or financial services sectors. Our senior and middle management personnel have extensive experience, expertise and in-depth knowledge of industry. Majority of our senior management team have grown with our Company and have more than 15 years of experience with us. We believe that the industry knowledge and loyalty of our management and professionals provide us with a distinct competitive advantage.

Association with Sakthi Group

We are part of “Sakthi Group” of companies based in Coimbatore, South India. The Sakthi Group is a well-known and reputed Industrial conglomerate having presence in finance, sugar, industrial alcohol, automobile distribution, auto components, dairy, co-generation, wind energy, transportation, IT Services, education, health-care etc. We benefit from the association with Sakthi Group as it provides us with a large pool of customers who believe and trust Sakthi Group.

Positive long-term industry prospects

The growth momentum in domestic commercial vehicle industry will have direct positive impact on the segment in which we operate. We believe that Commercial Vehicle (“CV”) industry will find its growth momentum back aided by increased thrust on infrastructure and rural sectors in the recent budget, potential implementation of fleet modernization or scrappage program and higher demand from consumption-driven sectors and e-commerce logistic service providers, especially for LCVs and ICVs. The sustained economic growth, easy availability of finance and subdued interest rates, good monsoon season, government's strong focus on infrastructure development and urban infrastructure, increased freight movement due to the expected increase in activity in sectors such as agriculture, e-commerce, mining etc. are the key factors that will drive growth and expansion of the CV industry in the coming years.

BUSINESS STRATEGIES

Expanding our reach in Southern Region of India

We have been operating in commercial vehicle financing segment through our branch network spread mainly in Southern Region of India. At present, we originate 95% of our business from the States of Tamil Nadu and Kerala and balance from other States *viz.* Karnataka, Andhra Pradesh and Union Territory of Puducherry. We believe that there is still good potential and growth available in Southern Region of India from our existing as well as new customers. We intend to strategically maintain and expand our reach in target market only by establishing additional branches and CSPs in the Southern Region particularly in Tamil Nadu and Kerala. In addition to the States of Tamil Nadu and Kerala, we also intend to gradually explore additional business opportunity in other parts of Southern region. Our customer origination and servicing efforts strategically focus on building long-term relationships with our existing customers and address specific issues in local business requirements of potential customers in the Southern region of India.

Attract and retain talented professionals

We believe that the experience and knowledge of our senior and middle management have played significant role in the growth of our Company. We have been successful in attracting and retaining a team of professionals with experience in credit evaluation, risk management, technology and marketing. We believe, we have created the right balance of performance and other economic incentives for our employees so that they will be motivated to develop business, achieve profitability targets and control risk. We will, from time to time, review our systems and procedures to enable us to respond effectively to changes in the business environment and enhance our overall performance.

Improvement in credit rating to reduce cost of funding

We meet our funding requirements through several sources *viz.* secured and unsecured non-convertible debentures on private placement basis, fixed deposit from retail investors, terms loan and working capital loan from banks / financial institutions, public issue of non-convertible debentures and private placement of subordinated debt. The RBI, by its Master Direction DNBR.PD.002/03.10.119/2016-17 dated August 25, 2016 (updated as on October 10, 2023), placed certain restrictions on raising money by NBFCs through private placement in the form of non-convertible debentures and acceptance of fixed deposit. Previous to the RBI Circular, majority of our fund requirements had been met through private placement of non-convertible debentures and fixed deposit from retail investors. Accordingly, in view of the restrictions placed by RBI circular, we have been concentrating and exploring alternative sources of fund *viz.* long-term loan from banks / financial institution funding or public issue of non-convertible debentures or issue of rated secured/unsecured senior non-convertible debentures on private placement basis. The mobilization of funds from the alternative sources at competitive cost would need to maintain / upgrade the credit rating of our Company. Hence, we intend to improve our credit rating which assists in raising the funds at competitive rates and enhancement in profitability and financial position of the Company.

Upgrade infrastructure and office equipment by incorporating the state-of-the-art information technology system

We believe that information technology is a strategic tool for our business operations to gain competitive advantage and to improve overall productivity and efficiency of the organization. All our technology initiatives are aimed at enhancing our service levels / customer convenience and improving loan administration and recovery while minimizing costs. We continue to implement technology led processing systems to make our appraisal and collection processes more efficient, facilitate rapid delivery of credit to our customers and augment the benefits of our relationship-based approach. We believe deployment of strong technology systems enable us to respond to market opportunities and challenges swiftly, improve the quality of services to our customers, and improve our risk management capabilities.

BUSINESS PROCESS

We have classified our business processes into three parts as under:

1) *Customer Acquisition and Retention (“CARE”)*

We primarily focus on soliciting new customers in target business segment as well as retaining existing customers. We originate our business through our branch network and marketing officers known as Customer Service Point (“CSP”). As on the date of GID, we have network of 53 branches located in the States of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh, Maharashtra, Haryana and Union Territory of Puducherry. Each of our branch is linked to 3-5 CSPs. The CSPs are marketing officers belonging to local residence having the domain knowledge of that area which enables us in acquiring and retaining of customers. This will facilitate faster credit delivery to customer and maintain good relationship with customers. The CSPs identify the business opportunity in terms of business policy of the Company and link it to the branch concerned for further process.

We have developed effective sourcing and customer origination initiatives specifically targeted at SRTOs / MRTOs through establishing connection with various transport and other associations for procurement of database for scouting the new customers, publishing advertisements in print media and conducting road shows in the target market. Further, our existing customers/guarantors are also good source of business generation. We develop and maintain long-term personalized relationship with our existing customers, which enable us to generate business from same customers or through referral business.

2) *Customer Appraisal Process (“CAP”)*

On identifying suitable opportunity, the CSPs report it to the branch concerned for pre-appraisal process along with necessary documents and information. The CSPs and the cluster head / branch manager pre-appraise the business proposal in terms of the credit policy of the Company and verify customer profile, credit history, vehicular records, value of vehicle and KYC documents. They also conduct visit and inspect the vehicle, take chassis number, pencil print / photo to determine genuineness and value of the asset to be financed.

The branch sends the proposal / report and recommendation along with all physical documents including inspection report to the credit appraisal team at Head Office. The appraisal process is centralized at Head Office and all the branches are linked through web which expedites appraisal process. The credit appraisal team examines independently profiles of all intended borrowers / guarantors, capacity and intention to repay the loan, vehicle inspection report and other relevant documents. External and Internal Dedupe Checks form part of our appraisal. In case a new entrant client in SFL’s book, investigation is done by Field Investigation (“FI”) department of our Company which works independently. It collects information about prospective borrowers / guarantors, verify the facts and submit a report before sanctioning the loan to enable the credit department in taking suitable decision. On completion of evaluation process, the proposals along with field investigation report, if applicable, placed before the sanctioning authority for their approval. On approval by the sanctioning official or otherwise, the decision will be communicated to the cluster / CSPs. On fulfillment of the terms and conditions of such approval, the files are sent to Risk Containment Unit (“RCU”) and to payment section. For better risk management, RCU department re-verifies genuineness of various documents, particularly vehicle records, insurance policy, chassis /engine number genuineness etc. to eliminate risk at the nip itself, to facilitate genuine customers getting into our books by liaisoning with various departments like RTO, Insurance etc. After re-verification by RCU department, the payment will be made to the borrower with suitable intimation to the branch concerned.

Credit Policy

We have designed a stringent credit policy to maintain our asset quality of hire purchase and the security provided for such loans. Our credit policy briefly includes:

Classification of Assets	We have classified assets under normal, negative and low profile category depending upon vehicle model, liquidity in market, market perception, nature etc. All assets coming under goods vehicle, passenger vehicle and infrastructure having income generating capacity which reduce our credit risk, comes under normal category. Other than normal category, assets have been classified under low and negative profile, which are not eligible for finance. We typically extend loans to vehicles that are not more than 10 years but age limit may vary as per usability in specific geographies.
Classification of Customers	We primarily provide the vehicle finance to FTC / SRTOs / MRTOs and LFOs. To mitigate the credit risk, we classify customers under normal, low and negative profile depending upon their nature of occupation, business activities etc. We do not extend finance to customers coming under purview of negative / low profile category.
Grading of Customers	We segregate the eligible target customers into three categories on the basis of their credit track record viz. (a) Excellent Track Record (“ETR”) (b) Good Track Record (“GTR”) and (c) Acceptable Track Record (“ATR”). We adopt very stringent credit criteria with respect to Loan to Value ratio, interest rate, guarantors etc. Further, our credit policy categorises customers as First Time Customer (“FTC”) who are new entrants. The exposure limit and loan to value ratio, depend upon category of customers.
Differentiable Loan to Value (“LTV”) Ratio	As a part of Credit Policy, we have pre-determined market value matrix for all eligible assets (including commercial / constructions / infrastructure vehicles). Further, we reckon customer category <i>i.e.</i> ETR / GTR / ATR, to arrive Loan to Value ratio. Further, our Credit Policy stipulates stringent criteria of Loan to Value ratio for customer’s categories under first time use funding policy. For arriving at valuation matrix, we follow the basis viz. (i) Market value as gathered from peers in the industry, sales details, etc., (ii) Opinion from authorized valuer for unregistered, non-routine assets, (iii) Insured Declared Value for registered/ unregistered, non-routine assets and (iv) Market value of the vehicles can be approved / altered, if required, within the financial year after getting approval from the Credit Committee.
Defined Geographical Concentration	As per the Policy, the Company will focus on the 4 Southern States <i>i.e.</i> Tamil Nadu, Kerala, Karnataka and Andhra Pradesh. The Policy also stipulates volume of business from each State and concentration of sector in respect of each State viz. transport, agriculture, construction equipment and others.
Ceiling on Exposure	The Policy also stipulates volume of business from each State and concentration of sector in respect of each State viz. transport, construction equipment agriculture and others. We stipulate exposure in terms of Loan to Value (“LTV”) percentage of the asset on the basis of customer profile, repayment culture and other relevant factors. Lending to single borrower is linked to profile, span of relationship, repayment culture and inherent strength of the customer / group. Lending to single borrower is restricted to 25% of net owned funds of the Company or 40% to single group of borrowers. We have delegated sanctioning power to various grades of sanctioning authority depending upon the exposure to a particular customer / group. We have also stipulated exposure limit for a particular customer / group customer, in excess of which the transaction will be forwarded to Credit Committee for sanction with the recommendation of Working Committee.
Collateral and Guarantor requirement	Loans must be secured by the personal guarantee of the borrower as well as at least one third party guarantor. The guarantor must be a commercial vehicle owner, preferably persons engaged in similar line, having ETR / GTR / ATR repayment record, having immovable properties and having good reputation.

Vehicle Insurance	The vehicle should have mandatory comprehensive insurance valid for at least 2 months. The insurance policy shall have endorsement in favour of our Company.
Key processes	The policy stipulates key processes to be followed at various levels / departments in the organization for evaluation of credit worthiness of customer, tele-verification check, physical verification and CIBIL check report. As per the KYC Policy of the Company, all applicants have to provide copies of Aadhaar Card (as per the Government guidelines) / Valid Passport / Driving License / PAN Card / Voter ID / Letter issued by the National Population Register containing details of name and address. A certified copy of an Officially Valid Document (“OVD”) containing details of photo identity and address.

Disbursement

We disburse the advance amount on receipt of approval from sanctioning authority and submission of all necessary documents by the customers as per the terms and conditions of approval. The sanctioning officer retains evidence of the applicant’s acceptance of the terms and conditions of the loan as part of the loan documentation. Prior to the loan disbursement, the sanctioning officer ensures that a Know Your Customer checklist is completed by the applicant. The sanctioning officer verifies such information provided and includes such records in the relevant loan file. The sanctioning officer is also required to ensure that the contents of the loan documents are explained in detail to the borrower and guarantor either in English or in the local language of them and a statement to that effect is included as part of the loan documentation. The borrower is provided with a copy of the loan documents / agreements executed by him. Although our customers have the option of making payments by cash or cheque, we may require the applicant to submit ECS mandate and bank details prior to any loan disbursement. For used vehicles, an endorsement on the registration certificate as well as the insurance policy must be executed in our favour.

3) *Customer Asset Management Process (“CAMP”)*

The critical success factor of an NBFC is its ability to manage the advance portfolio and recover the money lent on due dates. There is a team at Head Office, which continuously monitor the recovery and offers support to branches and CSPs on exceptional accounts which pose collection problems.

The loan documentation, administration and monitoring play a crucial role in maintaining asset quality by initiating desirable action at appropriate time. On intimation of sanctioning the finance, branch concerned takes care of execution of loan agreement / hire purchase agreement with the borrower and guarantor and other relevant documents. The loan repayment schedule is attached to the agreement. We hand over a copy of loan agreement / hire purchase agreement, repayment schedule and terms and conditions of hire purchase agreement to customers for their record. As a service to our customers, the CSP offers to visit the customers on the payment date to collect the instalments due. We monitor the track record of our customers regularly on monthly basis covering outstanding tenor and amount of loan, number of instalments due and default committed.

With view to enhance the operational efficiency, we have clearly defined area as well as limit on number of loan accounts to be evaluated and monitored by each branch office and CSP. Each branch operates within the radius of 100 km and CSP operates within a radius of 40 km under the relevant branch jurisdiction. Each branch administers and monitors 500 to 1000 accounts. Each CSP administers and monitors 150 to 250 customers and in the event of a CSP reaching the mark of 150 customers, we provide the assistance of one or two support officers, depending upon the number of further accounts operated by him to assist in the loan monitoring process. Once a CSP reaches the level of 300 customers mark, the CSP is converted into a full-fledged Branch with necessary infrastructure and information system.

We have also clearly defined authority level to monitor in the event of delay in making the payment of loan instalments. For instances, any delay between (a) 30-90 days monitored by branch manager (b) 90-180 days by collection specialists (c) 180-270 days by CAMP officer and (d) more than 270 days by the Head Office through its CAMP department and legal department.

Collection and Recovery

In case of delay in payment, we personally visit the customer place, interact and find out the reason for delay and genuineness. In case, we are satisfied with the difficulty of customer, we restructure the loan payment schedule accordingly. We also issue notice to the customers as well as guarantors about delay in making payment. In the event of delay or non-payment of dues, we repossess the vehicle and liquidate the same and recover balance outstanding dues. If the amount recovered from liquidating vehicle is not sufficient to clear our dues, we take legal recourse against the borrowers and guarantors.

WINDMILL OPERATION

In addition to finance business, we generate power from windmills and sell it to Tamil Nadu Electricity Board and Gujarat Urja Vikas Nigam Limited. At present, we have 17 windmills with aggregate capacity of 5,150 KW located in the States of Tamil Nadu and Gujarat.

The details of our windmills are given as under:

Location	Number of windmills	Total capacity (kW)	Land area (Acre)
Ponnapuram Village, Dharapuram Taluk, Tirupur Dist.	3	675	20.00
Mundavelampatti Village, Dharapuram Taluk, Tirupur Dist.	3	750	5.10
Veppilankulam Village, Tirunelveli Dist.	8	1,800	4.73
Panathampatti, Metrathi Village, Udumalpet Taluk, Tirupur Dist.	1	225	1.97
Mouje Village, MotaGunda, Bhavnad Taluk, Jamnagar Dist*	2	1,700	4.94*
Total	17	5,150	36.74

* All the above lands are owned by us except for the piece of the lands occupied at Jamnagar for windmill operation is on lease basis for a period of 30 years with effect from January 31, 2011.

SELECT FINANCIAL INFORMATION

Disbursals

For FY 2023 we have disbursed loan of ₹ 82,152.00 lakh as against ₹ 59,666.25 lakh for FY 2022. The break-up of disbursals across our business operations are as under:

Disbursement	Nine Months Ended December 31, 2023		March 31,					
			2023		2022		2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
Commercial Vehicle Finance	51,265.75	95.10	78,669.00	95.76	57,529.65	96.42	51,088.00	96.75
Infrastructure Equipment Finance	2,161.52	4.01	2,954.00	3.60	1,765.59	2.96	1,476.21	2.80
Others	481.10	0.89	529.00	0.64	371.01	0.62	235.38	0.45
Total	53,908.37	100.00	82,152.00	100.00	59,666.25	100.00	52,799.59	100.00

Asset Classification and Provisioning Policy

The Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 (“**Master Directions**”) provide standards for asset classification, treatment of NPAs and provisioning against NPAs for deposit-taking NBFCs in India.

Our Company holds provisions as per the Expected Credit Loss (“**ECL**”) framework provided under Ind AS 109. The RBI requires us to simultaneously compute provisions as per extant prudential norms on income recognition, asset classification and provisioning and appropriate from net profit or loss after tax, the difference between the aggregate provisioning at the individual company level using the two approaches

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to a separate impairment reserve. Any withdrawals from this reserve can be done only with prior permission from the RBI.

The impairment loss allowance is provided based on the ECL model. The ECL is based in the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has categorized its loans into Stage 1, Stage 2 and Stage 3, as detailed below:

Stage 1:

Financial assets, where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, are classified under this stage. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12-month ECL for Stage 1 assets.

Stage 2:

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have an objective evidence of impairment, are classified under this stage. The Company provides Lifetime ECL for Stage 2 assets.

Stage 3:

90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest income is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

The following table set out details regarding the classification of credit exposure:

a. As per RBI Returns and Ind AS 109 compliance

Particulars	December 31, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
(I) RBI Returns– IRACP								
Standard Assets	1,20,588.64	94.52%	112,694.35	94.15%	1,08,880.26	94.82	1,07,392.45	95.05
Gross NPA of which:	6,988.98	5.48%	6,997.89	5.85%	5,942.21	5.18	5,594.01	4.95
- Sub-standard	2,977.15	2.33%	3,591.33	3.00%	1,905.11	1.66	2,384.58	2.11
- Doubtful	1,384.28	1.09%	733.42	0.61%	1,393.28	1.21	896.78	0.79
- Loss	2,627.55	2.06%	2,673.14	2.23%	2,643.82	2.30	2,312.65	2.05
Total loan assets / gross credit exposure	1,27,569.87	100.00	119,692.24	100.00	1,14,822.47	100.00	1,12,986.46	100.00
Provision for non-	3,456.95		3,576.94		3,587.03		3,071.18	

Particulars	December 31, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
performing assets – IRACP								
Amount written-off	268.91	0.21%	233.77	0.20%	157.35	0.14	166.76	0.15
(II) Ind AS 109 – ECL Allowance								
Gross Carrying Amount of Asset	1,27,577.62		119,692.24		114,822.47		112,986.46	
Stage 3 Gross Loan Assets	6,988.98	5.48	6,997.89	5.85	5,942.21	5.17	5,594.01	4.95
ECL Allowances (All Stages)	5,408.86		5,192.14		4,511.27		3,632.73	
Net Carrying Amount of Assets	1,22,168.76		114,500.10		110,311.20		109,353.73	
Stage 3 Net Loan Assets (% denote as % on net carrying amount of Assets)	3,532.03	2.89	3,122.21	2.95	2,005.26	1.82	2,388.93	2.18
Amount Written-off	268.91		233.77		157.35		166.76	

Source: Periodic RBI returns and Financial Information for FY 2021, 2022, 2023 and December 31, 2023.

Funding sources

We source our funds requirement through a combination of equity, preference capital, public deposits and debt, depending upon the prevailing cost of the debt and its forecast of future movement. Our Company has formulated a resource raising policy, with an objective to give direction for raising resources at competitive cost, maintaining adequate liquidity level, maintaining the mismatch level between asset maturity pattern and liability maturity pattern within the tolerance level and maintaining leveraging level to net owned fund.

The total funds deployed and combination of shareholders fund and debt fund for the last three years is as under:

(₹ lakh)

As on	Shareholder Funds*	Total Debt funds #	Debt Equity Ratio ^{SS}
31-Dec-2023	18,520.63	116,050.45	6.16
31-Mar-2023	18,083.86	108,405.70	5.99
31-Mar-2022	17,095.14	1,06,379.94	6.22
31-Mar-2021	16,488.67	1,03,567.77	6.28

* Share capital [Equity] + Reserves and Surplus (excluding revaluation reserve and Capital Reserves) - miscellaneous expenditure (to the extent not written off or adjusted comprising of intangible assets) - comprehensive income till year ended/ as at December 31, 2023.

In total debt funds, secured and unsecured loan also include interest accrued but due thereon. (Preference capital as debt) since April 01, 2019.

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§§ For computation of DER the Equity includes share capital+ reserves and surplus (excluding revaluation reserves and capital reserves) less misc. expenditure to the extent not written off. The intangible assets is not deducted.

Debt fund

Our debt funding currently comprises several sources viz. deposits, non-convertible debentures, term loans, working capital demand loan for varying periods. The composition of debt fund of the Company is as under:

Particulars	As at		March 31,					
	December 31, 2023		2023		2022		2021	
	₹ lakh	%	₹ lakh	%	₹ lakh	%	₹ lakh	%
SECURED LOANS								
Redeemable non-convertible debentures (Private Placement)	12,466.47	11	12,503.79	12	10,948.15	10	12,006.93	12
Redeemable non-convertible debentures (Public Issue)	39,554.58	34	36,779.05	34	31,180.10	29	17,157.21	17
Term loans from financial institutions, and other lenders	9,578.14	8	2,726.93	3	5,103.27	5	8,573.28	8
Cash credit and demand Loans from Banks	6,686.83	6	12,000.29	11	10,541.92	10	14,589.91	14
TOTAL SECURED LOANS (A)	68,286.02	59	64,010.06	59	57,773.44	54	52,327.33	51
UNSECURED LOANS								
Preference Share Capital	2,464.81	2	1,500.00	1	1,500.00	1	1,842.38	2
Fixed deposits	6,787.28	6	2,706.58	2	8,813.07	8	17,512.70	17
Subordinated debt	25,621.49	22	27,814.03	26	26,528.16	25	25,374.80	25
Redeemable non-convertible debentures (Public Issue)	12,890.85	11	12,375.03	11	11,765.27	11	6,510.56	6
TOTAL UNSECURED LOANS (B)	47,764.43	41	44,395.64	41	48,606.50	46	51,240.44	49
TOTAL LOAN FUNDS (A+B)	1,16,050.45	100	1,08,405.70	100	1,06,379.94	100	1,03,567.77	100

The above figure include interest accrued but not due and unclaimed deposits thereon. Excludes unamortised charges.

The figures as at March 31, 2023, 2022 and 2021 are based on the Audited Financial Statements and figures as at December 31, 2023 are based on the LRR submitted by the company to the Stock Exchange under SEBI-LODR requirements for listed companies

Our short-term fund requirements are primarily funded by cash credit from banks including working capital demand loans. Cash credit from banks including working capital demand loans outstanding as at December 31, 2023 was ₹ 6,686.83 lakh.

We are registered as a deposit-taking NBFC with the RBI under Section 45-IA of the Reserve Bank of India Act 1934, which authorizes us to accept deposits from the public. As at December 31, 2023, we had fixed deposits outstanding of ₹ 6,787.28 lakh (at amortized cost).

The average cost of debt funds is as under: (As at March 31 for Fiscals)

Dec 2023	2023	2022	2021
10.32%	10.27%	10.44%	10.42%

We believe that we have developed a stable and long-term relationships with our lenders and established a track record of timely servicing of our debts and have been able to secure funds at competitive rate.

Capital Adequacy Ratio

We are subject to the Capital Adequacy Ratio (“CAR”) or Capital to Risk Adjusted Ratio (“CRAR”) requirements prescribed by the RBI. As per RBI Master Directions NBFC-SBR, NBFCs-ML have to maintain a minimum capital ratio, consisting of Tier I and Tier II Capital, which shall not be less than 15.00% of its aggregate risk weighted assets of on-balance sheet and risk adjusted value of off-balance sheet items. Further, all NBFCs-ML, shall maintain a minimum Tier I Capital of 10%. Our Company maintains stipulated Capital Adequacy Ratio.

The following table sets out our CRAR as on the dates indicated:

(₹ lakh)

Particulars	As at Dec 31, 2023	As at March 31		
		2023	2022	2021
Eligible Tier I Capital	17,683.18	17,584.59	16,697.54	15,702.21
Eligible Tier II Capital	6,242.86	7,149.11	9,627.79	11,395.40
Total Capital	23926.04	24,733.70	26,325.33	27,097.61
Risk Weighted Assets				
Adjusted value of funded risk assets	1,31,778.49	1,24,603.26	1,20,769.49	1,19,663.64
Adjusted value of non-funded risk assets	1,071.07	1,071.07	777.64	669.06
Total Risk Weighted Assets	1,32,849.56	1,25,674.33	1,21,547.13	1,20,332.70
Capital Adequacy Ratio (%)	18.01	19.68	21.66	22.52
Tier I Capital (%)	13.31	13.99	13.74	13.05
Tier II Capital (%)	4.70	5.69	7.92	9.47

(Source: RBI returns LODR December 31, 2023, March 2023, March 2022, and March 2021)

Credit Rating

The cost and availability of capital is also dependent on our short-term and long-term credit ratings. Ratings reflect a rating agency’s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. The following table sets out our credit ratings for FY 2024-2025:

Rating Agency	Instruments	Rating	Limit (₹ lakh)
ICRA Limited	Non-convertible debenture Private Placement (Proposed)	[ICRA] BBB (Stable)	15,000
ICRA Limited	Non-convertible debenture (Public Issue) (Proposed)*	[ICRA] BBB (Stable)	15,000
ICRA Limited	NCD (Listed and Unlisted)	[ICRA] BBB (Stable)	80,741
ICRA Limited	Fund Based Term Loan	[ICRA] BBB (Stable)	11,476
ICRA Limited	Fund Based Long Term Facilities from Banks - Cash Credit (CC)	[ICRA] BBB (Stable)	10,000
ICRA Limited	Fund Based Interchangeable (as a sub limit of Cash Credit)	[ICRA] BBB (Stable) / [ICRA] A2	(4,788)
ICRA Limited	Short Term Facilities from Banks – WCDL	[ICRA] A2	10,000
ICRA Limited	Fixed Deposits	[ICRA] BBB (Stable)	-

* obtained Credit Rating on 21 May 2024

The ratings provided by credit rating agency may be suspended, withdrawn or revised at any time by the assigning rating agency and should be evaluated independently of any other rating. These ratings are not a recommendation to buy, sell or hold securities and investors should take their own decisions.

INSURANCE

We maintain insurance cover for our free-hold / lease-hold and tangible properties and infrastructure at all owned premises which provide insurance cover against loss or damage by fire, earthquake, electrical and

machinery break-down. Further, we maintain insurance cover for cash in safe for the office premises and cash in transit policy which provides insurance cover against loss or damage by employee theft, burglary, house breaking and hold up.

RISK MANAGEMENT

Effective Risk Management is fundamental to success in the financial services industry and a basic expectation of shareholders, regulators and customers. We are exposed to several risks in the course of our business viz. Credit Risk, Market Risk, Liquidity Risk and Interest Rate Risk, Operational Risk, Reputational Risk, Cash Management Risk and Regulatory and Compliance Risk. We have evolved a strong, integrated and comprehensive risk-assessment process which has resulted in stable growth with good asset quality. We have established Risk Management Committee which reviews risk management policy developed by the management reviews the annual risk management framework document and periodically reviews the process for systematic identification and assessment of the business risk. We also periodically monitor the critical risk exposure and report to the board the details of any significant developments and make recommendations to the Board on need basis for effective risk management. The key risks and risk mitigation process we apply to address these risks are summarized below:

Market Risk: Interest Rate Risk and Liquidity Risk

Interest Rate Risk

Our Company's assets and liabilities consist of items sensitive to re-pricing as well as non-sensitive items. The difference between interest rate sensitive assets and liabilities affect net interest margin or net interest income. Net interest income is the difference between our interest income and interest expense. Since our balance sheet consists of rupee assets and rupee liabilities, movements in domestic interest rates constitute the primary source of interest rate risk. We assess and manage the interest rate risk on our balance sheet through the process of asset liability management. We borrow funds at fixed and floating rates of interest, while we extend credit at fixed rates. In the absence of proper planning and in a market where liquidity is limited, our net interest margin may decline, which may impact our revenues and ability to exploit business opportunities. We have developed stable and long-term relationships with our lenders and established a track record of timely servicing of our debts. This has enabled us to become a preferred customer with most of the major banks and financial institutions with whom we do business. An interest rate gap statement is prepared by classifying assets and liabilities into various time period categories according to contracted maturity on monthly basis. The difference between the amount of assets and liabilities maturing would give an indication of the extent of exposure to the risk of potential changes in the margin. Based on the above, ALCO would propose for a pricing of products including sources of funds. Moreover, our valuation capabilities enable us to invest in good quality assets with stable, attractive yields.

Liquidity Risk

Measuring and managing liquidity needs are vital for effective operation of the company. Liquidity risk arises due to non-availability of adequate funds or non-availability of adequate funds at an appropriate cost or of appropriate tenor, to meet our business requirements. We actively monitor our liquidity position and attempt to maintain adequate liquidity at all times to meet all requirements of all depositors and debenture holders while also meeting the requirements of lending. We prepare maturity gap analysis to review the liquidity position. Dynamic analysis is also done to enable requirement of liquidity for short term fund requirement. Further, we have developed expertise in mobilizing long-term and short-term funds at competitive interest rates, according to the requirements of the situation. As a matter of practice, we generally do not deploy funds raised on short term borrowing for long-term lending.

For management of interest rate risk and liquidity risk, the Board has constituted an Asset Liability Management Committee ("ALCO"). The primary objective of ALCO is to review at periodic intervals the liquidity risk, interest rate risk sensitivity and the pricing of various products of our Company.

Credit Risk

Credit risk is the risk of loss that may occur from the default by our customers under the loan agreements with us. As stated above, borrower defaults and inadequate collateral may lead to higher NPAs. We minimize credit risk by requiring that each loan must be guaranteed by another commercial vehicle operator in the same locality as the borrower, preferably by an existing or former borrower. Furthermore, we lend on a relationship-based models and our loan recovery ratios indicate the effectiveness of this approach for our target customer base. We also employ advanced credit assessment procedures, which include verifying the identity and checking references of the proposed customer thoroughly at the lead generation stage. Our extensive regional presence also enables us to maintain regular direct contact with our customers. In this regard, we assign personal responsibility to each member of the lead generation team for the timely recovery of the loans they originate, closely monitoring their performance against our Company's standards and maintain client and vehicles-wise exposure limits. The company has an effective post sanction monitoring process, supervision and follow-up to identify credit portfolio trends and early warning signals. This enables to implement necessary changes to the credit policy, whenever the need arises.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. The operational risks are managed through comprehensive internal control systems and procedures and key back-up processes. We have evolved a system of submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/ functions and IT disaster recovery plans for evaluating key operational risks.

Cash Management Risk

Our Head Office and branch offices collect and manage large volume of cash of customers' payments. Lack of proper cash management practices could lead to losses. To address cash management risks, our company has formulated a cash management policy with an object to establish proper systems and procedures, safety and security in relation to cash management of the company at our Head Office and Branches. The policy covers activities like custody of cash and other valuables during business hours and overnight as also while in transit, custody of its keys / duplicate keys, adequacy of insurance over its property, cash retention limit and system of monitoring, security arrangements, systems in place to deal with theft / robbery etc. The collection of cash is made through ERP, if the cash is collected at the branch and using hand-held device if the cash is collected in the field. In case of hand-held devices, the receipts issued are to be transferred to S3G (system for advances) application server maintained at Head Office immediately and the collection staffs are advised to deposit the cash collection into our company's bank account either on the same day or on the next working day. In case cash is not deposited on the same day, it is to be reported to the senior executives at Head Office by way of auto generated system report, who regularly monitor the collections and remittance of cash on daily basis. Our company has also put limit on acceptance of cash in aggregate from a person in a day, in respect of a single transaction and in respect of transactions relating to one event or occasion from a person. Further, we conduct regular audits to ensure the highest levels of compliance with our cash management systems.

Reputational Risk

The Reputation risk arises from the negative public opinion. Such type of risk may arise from the failure to assess and control compliance risk and can result in harm to existing or potential business relationships. We continually solicit feedback from employees and customers on issues concerning the image of the company and negative public opinion, if any, address on priority basis.

Regulatory and Compliance Risk

Regulatory and compliance risk are the risks to earnings or capital arising from violations of, or non-conformance with, laws, rules, regulations, prescribed practices, internal policies, and procedures or ethical standards.

The regulatory and compliance risk will also be the result of any changes made in laws, rules or regulations to comply with. There may be some differences in interpretation of regulations by the company *vis-à-vis* that of the regulators. Our Company has adopted a watch dog approach in the system ensuring compliance of laws and regulations by risk management on an on-going basis and ensuring timely submission of periodical reports to regulatory authorities is put in place to avoid legal/compliance risk, Further, our Company has engaged experienced professionals in different departments in order to take care of compliance with the applicable laws, rules and regulations and guidelines affecting company's business. Our Company also takes advice from reputed external consultants in respect to the laws, rules or regulations affecting the company's business.

EMPLOYEES

The availability of experienced and quality human resource play significant role in the growth and maintaining the asset quality of the Company. Our human resource policy is to establish and build a strong performance and competency-driven culture with higher sense of accountability and responsibility among employees. We are taking necessary steps to strengthen the organizational competency through training at all levels and installing effective systems. Our total employee strength was 680 as on April 30, 2024.

We have built our human resource primarily by recruiting experienced personnel in the segments. We also identify interested fresh graduates in our business segment and transform them into competent work force even at the entry level by providing training in all facets of business including procurement, appraisal, legal, regulatory requirements and financial matters. Under our training programme, we emphasize both classroom training as well as on-the-job skills acquisition. Post recruitment, an employee undergoes induction training to gain an understanding of our Company and our operations. We also conduct training and development program on regular basis to upgrade knowledge, skills and performance of the employees. Since success of our operation primarily depends on closeness with our customers, we prefer to hire our workforce from the locality in which they will operate, in order to benefit from their knowledge of the local culture, language, preferences and territory. Further, since our marketing officers are responsible for customer origination, loan administration and monitoring as well as loan recovery it enables them to develop strong relationships with our customers.

Our Company has also entered into an agreement with Sakthifinance Financial Services Ltd for marketing of the financial products of our company.

TECHNOLOGY

We have a suitable software set-up for handling the hire purchase, financial accounting and fixed deposits related operations in an integrated manner to support the growth of the Company and also to enhance the associated services. For hire purchase operations, we are using an application called S3G (Smartlend 3rd Generation) and for financial accounting / costing / assets management and fixed deposit operations, we are using SAP ERP software. The requisite hardware, software, networking and power-conditioning components are in place to support the effective deployment of the business applications.

Suitable Business Continuity Management ("BCM") measures are in place including the Disaster Recovery ("DR") set-up. Information Security Management System [ISMS] controls are being regulated through stipulated policies, procedures, guidelines, evidence etc. The coveted ISO 27001 certification was obtained to ensure & sustain the adoption of requisite and both system and environment-based security measures.

All the business units including the branches are well connected to the cloud based central setup through Software Defined - Wide Area Network ("SD-WAN") arrangement for deploying the centralized software applications in a secured manner. Automation is being done in all possible avenues including the enablement of the marketing officers with computers, hand-held devices, smart phones etc. for handling their jobs effectively. Remote connectivity for the mobile workforce is enabled with two-factor authentication.

The reputed Customer Relationship Management ("CRM") application, salesforce.com is being deployed gradually to shorten the turn-around-time of the marketing/sales operations till the payment stage and also to enhance the productivity of the marketing officers. Our company has also taken steps to collaborate with all stakeholders through suitable facilities like video/audio conferencing, chatting. A web enabled mobile

application is implemented to enable the effective collection of EMIs from the customers by the front-end team. A reputed and web enabled application, peoplestrong.com is in place to handle the entire cycle of the Human resources related operations.

PROPERTY

Our Registered and Head Office is situated at 62, Dr. Nanjappa Road, Coimbatore - 641018. The registered office building is owned by us while the land on which the registered office built was taken by our Company on lease basis from Sri. M. Srinivaasan, Director of our Company by a lease agreement executed on July 12, 2021 for a period of 3 years commencing from April 01, 2021 with a provision for renewal thereafter on mutually agreed terms and conditions. The lease has since been extended for a further period of 11 months with effect from April 01, 2024 through an agreement dated March 30, 2024.

We operate our business operation through network of branches and CSP. Except for Mumbai and Madurai branch offices, which are owned by us, all other branches are occupied by us on lease or license basis. We own land which comprises for our windmill operations, the brief details of which are provided at page 45 of Chapter titled “*Our Business*” of the GID. We also hold 6 other immovable properties which are used for various other purposes by our Company. Our Company has acquired a piece of land in Coimbatore for Corporate Office purpose.

Intellectual Property

We have made an application for registration of our logo with Registrar of Trademarks, Chennai Tamil Nadu for English, Tamil, Malayalam and Telugu and obtained approvals for registration for all languages. The Logos are as under:



COMPETITION

We are an Investment and Credit company with primary focus on financing pre-owned commercial vehicle and our target customers comprise SRTOs / MRTOs. In this segment, we primarily face the competition from the private unorganized financiers that principally operate in the local market. Unorganized players cater to the bulk of demand for pre-owned truck financing. These unorganized players have significant local market expertise, but lack brand image and organizational structure. The small private financiers have also limited access to funds and may not be able to compete with us on interest rates extended to borrowers, which we are able to maintain a competitive levels because of our access to a variety of comparatively lower cost funding sources and operational efficiencies from our scale of operations. However, private operators may attract certain clients who are unable to otherwise comply with our loan requirements, such as the absence of an acceptable guarantor or failure of the commercial vehicle to meet our asset valuation benchmarks.

Organized players like Banks and larger NBFCs are entering this refinance business. However, most of our customers are not a focus segment for banks or large NBFCs, as these customers lack substantial credit history and other financial documentation on which many such financial institutions rely to identify and target new customers. Even though more NBFCs are entering into this segment, we believe that only NBFCs with good network of field staff, effective relationship management and customer evaluation tools can succeed in this business. Our long presence in the segment with experience-based valuation methodology, growing customer base and relationship-based approach are key competitive advantages against new market entrants.

COLLABORATIONS

Except as disclosed in the GID, our Company has not entered into any collaboration, any performance guarantee or assistance in marketing by any collaborators.

CORPORATE SOCIAL RESPONSIBILITY

Recognizing our social responsibility, we undertake various initiatives aimed at contributing to society at large, including supporting various charitable projects and social welfare activities.

For the Fiscals 2023, 2022, and 2021 we incurred ₹ 40.06 lakh, ₹ 37.04 lakh, and ₹ 37.58 lakh respectively on CSR initiatives.

RELATED PARTY TRANSACTION

Sl No	Particulars	Related parties where significant influence is exercised	Key Management Personnel	Relatives of Key Management Personnel	Quarter Ended 31st December 2023	Year Ended 31st March 2023
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	34.53	-	-	34.53	8.61
	ABT Industries Ltd.	18.45	-	-	18.45	23.43
	Sakthi Pelican Insurance Broking Private Limited	3.51	-	-	3.51	4.46
	Income from HP Operations					
	Sakthi Foundation	2.81	-	-	2.81	11.14
Suddha Sanmarga Nilayam	0.38	-	-	0.38	1.14	
2	Interest Income					
	ABT Industries Ltd.	47.89	-	-	47.89	30.97
	Expenses					
	Purchase of fuel					
	N.Mahalingam & Co	10.83	-	-	10.83	15.09
	Reimbursement of Expenses (Electricity Charges)					
	ABT Industries Ltd.	5.84	-	-	5.84	3.55
	Sakthifinance Financial Services Ltd.	0.78	-	-	0.78	0.94
	Rent paid					
	Smt. Vinodhini Balasubramaniam	-	-	1.80	1.80	2.40
	Sri M. Srinivaasan	-	92.50	-	92.50	117.53
	ARC Retreading Company Pvt Ltd	1.67	-	-	1.67	2.23
	N.Mahalingam & Co	9.45	-	-	9.45	14.16
	Sakthifinance Financial Services Ltd.	9.38	-	-	9.38	-
Resource Mobilisation Charges						
Sakthifinance Financial Services Ltd.	378.95	-	-	378.95	272.12	
Printing charges						
Nachimuthu Industrial Association	11.55	-	-	11.55	13.40	

	Sakthi Sugars Ltd. (Om Sakthi)	2.52	-	-	2.52	2.32
	Sakthi Foundation	0.95	-	-	0.95	1.13
	Professional Charges					
	Ramanandha Adigalar Foundation	-	-	-	-	22.89
	Corporate Social Responsibility Expenses					
	Ramanandha Adigalar Foundation	-	-	-	-	25.00
	Remuneration					
	Sri M.Balasubramaniam	-	34.80	-	34.80	43.80
	Dr S.Veluswamy	-	-	-	-	32.62
	Sri Srinivasan Anand	-	19.96	-	19.96	25.79
	Sri S.Venkatesh	-	-	-	-	15.88
	Sri C. Subramaniam	-	15.08	-	15.08	3.65
	Sri Amrit Vishnu Balasubramaniam	-	-	7.75	7.75	3.15
	Perquisites					
	Sri M Balasubramaniam	-	-	-	-	0.75
	Employee Benefits					
	Sri M.Balasubramaniam	-	3.24	-	3.24	4.32
	Dr S.Veluswamy	-	-	-	-	2.30
	Sri Srinivasan Anand	-	-	-	-	-
	Sri S.Venkatesh	-	-	-	-	0.99
	Sri C.Subramaniam	-	0.86	-	0.86	0.19
	Sri Amrit Vishnu Balasubramaniam	-	-	0.16	0.16	0.07
	Commission					
	Sri M.Balasubramaniam	75.25	-	-	75.25	-
	Sitting Fees					
	Non-Executive Directors					
	Dr M.Manickam	-	2.10	-	2.10	4.30
	Sri M.Srinivaasan	-	1.50	-	1.50	4.50
	Dr S.Veluswamy	-	1.60	-	1.60	3.30
	Independent-Directors					
	Dr A Selvakumar	-	6.70	-	6.70	12.60
	Sri P S Gopalakrishnan	-	1.50	-	1.50	4.50
	Smt Priya Bhansali	-	2.50	-	2.50	7.00
	Sri K P Ramakrishnan	-	4.00	-	4.00	8.50
	Reimbursement of Travelling Expenses					
	Non-Executive Directors					
	Dr M.Manickam	-	0.09	-	0.09	0.27
	Sri M.Srinivaasan	-	0.09	-	0.09	0.24
	Dr S.Veluswamy	-	0.09	-	0.09	0.27
	Independent-Directors					
	Dr A Selvakumar	-	0.09	-	0.09	0.27
	Sri P S Gopalakrishnan	-	0.09	-	0.09	0.24
	Smt Priya Bhansali	-	0.09	-	0.09	0.27
	Sri K P Ramakrishnan	-	0.09	-	0.09	0.27
3	Assets					
	Loans and advances given					
	Sri S.Venkatesh	-	-	-	-	2.00
	ABT Industries Ltd	500.00	-	-	500.00	350.00
	Loans and advances repaid					
	ABT Industries Ltd	-	-	-	-	(350.00)
	Sri S.Venkatesh	-	-	-	-	(4.79)

	Outstanding as at the end of the period					
	Loans and advances					
	Sakthi Sugars Limited	1,500.00	-	-	1,500.00	1,500.00
	Sakthi Foundation	3.91	-	-	3.91	37.13
	Suddha Sanmarga Nilayam	-	-	-	-	4.59
	Sakthifinance Financial Services Ltd	4.67	-	-	4.67	14.24
	Sakthi Pelican Insurance Broking Private Limited	10.83	-	-	10.83	10.83
	ABT Industries Ltd	578.86	-	-	578.86	30.97
	Sri S.Venkatesh	-	-	-	-	6.38
	Lease Deposits					
	Sakthi Properties (Coimbatore) Limited	850.00	-	-	850.00	850.00
	Rent / Other Receivables					
	Sakthifinance Financial Services Ltd	3.13	-	-	3.13	23.62
	ABT Industries Ltd	11.26	-	-	11.26	20.00
	Sakthi Pelican Insurance Broking Private Limited	0.36	-	-	0.36	0.34
4	Liabilities:					
	Transaction during the period					
	Subscription in NCDs:					
	ABT Finance Ltd	(8.00)	-	-	(8.00)	(4.46)
	Sakthifinance Financial Services Ltd.	(0.77)	-	-	(0.77)	197.10
	Sakthi Financial Services Cochin Pvt Ltd	-	-	-	-	(7.16)
	Smt Samyuktha Vanavaraayar	-	-	15.00	15.00	-
	Miss Shruthi Balasubramaniam	-	-	15.00	15.00	(38.00)
	Smt Karunambal Vanavarayar	-	-	(76.00)	(76.00)	300.00
	Sri P S Gopalakrishnan	-	-	-	-	25.00
	Smt Lalitha Ramakrishnan	-	-	(6.00)	(6.00)	1.00
	Smt Vinodhini Balasubramaniam	-	-	100.00	100.00	-
	Sri. Amrit Vishnu Balasubramaniam	-	-	10.00	10.00	-
	Miss Anusha Bhansali	-	-	(10.00)	(10.00)	-
	Subscription in Deposits:					
	Bhavani Gopal	-	-	5.00	5.00	-
	Subscription in Redeemable Cumulative Preference Shares ("RCPS")					
	Sakthi Financial Services (Cochin) Private Ltd.,	-	-	-	-	(50.20)
	Outstanding as at the end of period					
	Investment in NCDs:					
	ABT Finance Ltd	-	-	-	-	8.00
	Sakthifinance Financial Services Ltd.	246.08	-	-	246.08	246.85
	Sakthi Financial Services Cochin Pvt Ltd	149.90	-	-	149.90	149.90
	Sri P S Gopalakrishnan	-	35.00	-	35.00	35.00

Smt Vinodhini Balasubramaniam	-	-	180.00	180.00	80.00
Smt Samyuktha Vanavaraayar	-	-	210.00	210.00	195.00
Miss Shruthi Balasubramaniam	-	-	55.00	55.00	40.00
Sri Amrit Vishnu Balasubramaniam	-	-	22.00	22.00	12.00
Smt Bhavani Gopal	-	-	10.00	10.00	10.00
Smt Lalitha Ramakrishnan	-	-	25.00	25.00	31.00
Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
Miss Anusha Bhansali	-	-	-	-	10.00
Smt Karunambal Vanavarayar	-	-	524.00	524.00	600.00
Subscription in SD Bonds:					
Smt. Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
Miss. Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
Subscription in Deposits:					
Bhavani Gopal	-	-	5.00	5.00	-
Subscription in Redeemable Cumulative Preference Shares ("RCPS")					
Sakthi Financial Services (Cochin) Private Ltd.,	166.50	-	-	166.50	166.50
Liabilities for expenses payable:					
ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
Nachimuthu Industrial Association	-	-	-	-	-
N.Mahalingam and Co	1.94	-	-	1.94	2.07
Commission payable to Sri M Balasubramaniam	-	-	-	-	75.25
Sri M.Srinivaasan	-	6.01	-	6.01	5.66

OUR PROMOTERS

The following individuals are the Promoters of our Company:

1. Dr. M. Manickam; and
2. Mr. M. Balasubramaniam

The profile of our Promoters are given below:

	<p>Dr. M. Manickam, Chairman</p> <p>Dr. M. Manickam (DIN: 00102233), was born on 24th March 1956 and aged 68 years. He is the promoter and Non-Executive, Non-Independent Director of our Company. He resides at No. 25, Rukmani Nagar, Ramanathapuram, Coimbatore – 641 045.</p> <p>His Permanent Account Number is ACWPM5801F</p>
<p>Dr. M Manickam is our Promoter as well as a Non-executive, Non-independent Board Director. He has a Master of Statistics from Madras University and a Master of Business Administration from the University of Michigan in the United States. He has over 40 years of experience in the business and industrial fields. He serves as an advisor to SFL. He is the Chairman and Managing Director of Sakthi Sugars Limited. In addition, he serves as Chairman and Managing Director of Sakthi Auto Component Limited.</p> <p>In July 2010, he was awarded the "Doctor of Science" (<i>Honoris Causa</i>) Degree by Tamil Nadu Agricultural University, Coimbatore in recognition of his contributions to the management of agro-processing industries and agricultural development. He was also the President of the Indian Sugar Mills Association ("ISMA"), the South Indian Sugar Mills Association ("SISMA") during 1996-97, and the Sugar Technologists Association of India ("STAI").</p> <p>Please refer "Our Management" on page no 71 of this GID for more information on our Promoter's background, educational qualifications, business experience, positions / posts held in the past, term of appointment as Non-executive, Non-independent Director, and other directorships.</p> <p>Our Promoter's Permanent Account Number, Aadhaar number, Driving License number, Bank account number(s), and Passport number were submitted to the Stock Exchange at the time of GID was filed.</p>	
	<p>Sri. M. Balasubramaniam, Vice Chairman and Managing Director</p> <p>Sri. M. Balasubramaniam (DIN: 00377053), was born on 20th September 1958 and aged 65 years. He is the promoter and Executive, Non-Independent Director of our Company. He resides at No. 27 and 28, Rukmani Nagar, Ramanathapuram, Coimbatore – 641 045.</p> <p>His Permanent Account Number is ABEPB2022Q</p>
<p>Sri. M Balasubramaniam, is the promoter and Executive, Non-Independent Director of our Board. He holds a Master's Degree in Commerce from Madras University and a Master's Degree in Business Administration from Notre Dame University, USA. He joined SFL as a Director in the year 1985 and has been associated with SFL, since then. He is presently the Vice Chairman and Managing Director of our Company. He was the Chairman of Coimbatore Zone of Confederation of Indian Industry. He is a member of Southern Regional Committee of All India Council for Technical Education ("AICTE"). He was one of the Senate Members of Bharathiyar University, Coimbatore during 2016-2019.</p> <p>For additional details on the background, educational qualifications, experience in the business of our Company, positions/ posts held in the past, term of appointment as Executive, Non-independent Director and other directorships of our Promoter, please refer "Our Management" on page no 71 of this GID.</p> <p>The permanent account number, aadhaar number, driving license number, bank account number(s) and passport number of our Promoter have been submitted to the Stock Exchange at the time of filing the GID</p>	

Other Undertakings and Confirmations

Our Promoters have not been identified as a wilful defaulter by the RBI or any other governmental authority and is not a Promoter or a whole-time director of any such Company which has been identified as a wilful defaulter by the RBI or any other governmental authority or which has been in default of payment of interest or repayment of principal amount in respect of debt securities issued by it to the public, if any, for a period of more than six months. Further, no members of our Promoter Group have been identified as wilful defaulters.

Further, no violation of securities laws has been committed by our Promoters in the past except as detailed below and no regulatory action before SEBI, RBI or NHB is currently pending against our Promoters.

Our Promoter and members of the Promoter Group are not debarred or prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad and are not promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Common pursuits of promoters and group companies

None of the promoters or promoters' group entities are engaged in businesses similar to ours.

Interest of our Promoters in our Company

Except as disclosed in the Chapter titled "**Financial Statements-Related Party Disclosures**" (respectively for 2023, 2022 and 2021) of the GID and other than as our shareholders, to the extent of promoters and/or their relatives or the companies in which they are promoters/directors holding Equity Shares and also to the extent of any dividend payable to them on the aforesaid shareholding, our Promoters do not have any other interest in our Company's business. Our promoters may be also deemed to be interested to the extent of the remuneration/sitting fees and reimbursement of expenses, if any, received by them in their capacity as Directors.

None of our Promoters has interest in any immovable property acquired or to be acquired by our Company in the preceding two years of filing this GID with the Designated Stock Exchange nor do they have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company, except as stated in related party transactions, refer Financial Statements.

Our Promoters have no financial or other material interest in the Issue.

Our Promoters have given certain personal guarantees in relation to loan facilities availed by our Company.

Our promoters may subscribe to this Issue.

Details of shares allotted to our Promoters during the last three Financial Years:

No shares have been allotted to our promoters during the last three financial years.

Promoter's holding in the Company as on December 31, 2023

A. Equity Shares

Sl No	Name of the Shareholder	Total No. of Equity Shares held	% of shareholding to the total equity share capital	No. of Shares Pledged	% of Shares pledged
1	Dr. M Manickam	92,813	0.14	-	-
2	Sri. M Balasubramaniam	1,92,000	0.30	-	-

* All Equity Shares held by the Promoters are in dematerialized form.

B. Preference Shares

As on the date of this GID, none of the Promoters hold any Preference Shares in our Company.

Details of Promoter's Contribution in our Company:

Dr. M Manickam

Date of Allotment / Transfer	No of Shares	Face Value (₹)	Issue / Transfer Price (₹)	Consideration (Cash, other than cash etc)	Nature of Allotment/ Transfer	Source of Funding
February 24, 1988	14,625	10	10	Cash	Rights Issue	Own funding
November 4, 1989	2,500	10	10	Cash	Transfer	Own funding
November 4, 1989	1,750	10	10	Cash	Transfer	Own funding
November 4, 1989	25,000	10	10	-	Preference Shares converted into Equity Shares	-
June 4, 1993	43,875	10	30	Cash	Rights Issue	Own funding
August 17, 1993	(43,875)	10	30	-	(Transfer)	-
May 31, 1997	18,000	10	10	Cash	Transfer	Own funding
January 30, 2008	30,938	10	10	Cash	Rights Issue	Own funding
Total	92,813					

Sri M Balasubramaniam

Date of Allotment / Transfer	No of Shares	Face Value (₹)	Issue / Transfer Price (₹)	Consideration (Cash, other than cash etc)	Nature of Allotment/ Transfer	Source of Funding
August 16, 1980	2,500	10	10	Cash	Transfer	Own funding
November 2, 1984	1,500	10	10	Cash	Public Issue	Own funding
July 13, 1985	1,000	10	10	Cash	Transfer	Own funding
February 24, 1988	15,000	10	10	Cash	Rights Issue	Own funding
November 14, 1989	25,000	10	10	-	Preference Shares converted into Equity Shares	-
June 4, 1993	45,000	10	30	Cash	Rights Issue	Own funding
August 17, 1993	(45,000)	10	30	-	(Transfer)	-
January 30, 2008	22,500	10	10	Cash	Rights Issue	Own funding
January 30, 2008	1,24,500	10	10	Cash	Rights Issue	Own funding
Total	1,92,000					

OUR MANAGEMENT

BOARD OF DIRECTORS

The general superintendence, direction and management of our affairs and business are vested in our Board of Directors. As on the date of this GID, we have eight (8) Directors on our Board, out of which one is an Executive Director and three Directors are Non-Executive, Non-Independent Directors and four are Non-Executive, Independent Directors out of which one is a Woman Director.

The following table sets out details regarding the Board as on date of this GID:

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
Dr. M. Manickam Designation: Chairman DIN : 00102233	68	No.25, Rukmani Nagar Ramanathapuram Coimbatore – 641 045	December 11, 1990	1) ABT Business Solutions Private Limited 2) ABT Limited 3) ABT Foods Retailing (India) Limited 4) Anamallais Bus Transport Private Limited 5) ABT Supply Chain Solutions Private Limited 6) Kovai Medical Center and Hospital Limited 7) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company under Companies Act 1956) 8) Sakthi Auto Component Limited 9) Sakthi Properties (Coimbatore) Limited 10) Sakthi Sugars Limited 11) Sri Chamundeswari Sugars Limited 12) The Gounder and Company Auto Limited 13) ABT Healthcare Private Limited (strike off) 14) Akash Sakthi Aviation Private Limited 15) Sakthi Indian Aviatech Private Limited
Sri. M Balasubramaniam Designation: Vice Chairman and Managing Director DIN: 00377053	65	No. 27 & 28 Rukmani Nagar Ramanathapuram Coimbatore – 641 045	August 21, 1985	1) ABT Limited 2) ABT Properties Limited 3) Anamallais Bus Transport Private Limited 4) Coimbatore Innovation and Business Incubator 5) Magnum Foundations Private Limited 6) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company under Companies Act 1956) 7) Sakthi Auto Component Limited 8) Sakthi Sugars Limited 9) Sakthifinance Financial Services

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
				Limited 10) Sakthi Properties (Coimbatore) Limited 11) ABT Supply Chain Solutions Private Limited 12) Sri Chamundeswari Sugars Limited 13) The Gounder and Company Auto Limited
Sri. M. Srinivaasan Designation : Non-Executive and Non-Independent Director DIN: 00102387	57	"Swagatham" 742, Krishna Temple Road, Indira Nagar Bengaluru- 560 038	April 18, 1994	1) ABT Limited 2) Chamundeswari Enterprises Private Limited 3) Nachimuthu Industrial Association (Originally incorporated under Section 25 Company of the Companies Act 1956) 4) Sakthi Auto Component Limited 5) Sakthi Properties (Coimbatore) Limited 6) Sakthi Sugars Limited 7) Sri Chamundeswari Sugars Limited 8) SCSL Agro Private Limited 9) SCSL Agro Industries Private Limited (strike off) 10) The Gounder and Company Auto Limited 11) ABT Supply Chain Solutions Private Limited 12) Navamalai Holdings Private Limited 13) Nilambe Leisure Holdings Private Limited, Sri Lanka
Dr. A. Selvakumar Designation : Non-Executive and Independent Director DIN : 01099806	69	A-109, Raheja Enclave, 236, Race Course Road Coimbatore – 641 018	March 30, 2001*	1) Bison Agro Farms Private Limited 2) Sri Chamundeswari Sugars Limited 3) Sri Sakthi Textiles Private Limited 4) Vetriva Sports Academy Private Limited 5) Scomode Technologies Private Limited 6) Akashiq Data Care India Private Limited (strike off)
Sri. P.S. Gopalakrishnan Designation : Non-Executive and Independent Director DIN : 00001446	88	"Keshav Dugar" B-202, No.1, East Avenue Kesavaperumal Puram Chennai - 600 028	December 12, 2006*	1) Dharani Sugars and Chemicals Limited***
Smt. Priya Bhansali Designation: Non-Executive and Independent Director DIN : 00195848	58	"Amrit" 24A, Bharathi Park Road 2, Coimbatore – 641 043	March 31, 2015#	1) Kaycee Industries Limited 2) Ishita Advisory Services Private Limited 3) Sakthi Sugars Limited 4) Salzer Electronics Limited

Name, Designation and DIN	Age (in years)	Address	Date of Appointment	Other Directorships
Sri. K. P. Ramakrishnan Designation: Non-Executive and Independent Director DIN : 07029959	69	K – 402, PNR Tripti Apartments, Nehru Nagar, 60 Feet Scheme Road, Ganapathy Coimbatore – 641 006	May 30, 2015 [#]	1) Think Capital Private Limited 2) Sri Chamundeswari Sugars Limited
Dr. S Veluswamy Designation: Executive and Non-Independent Director DIN : 05314999 **	64	No.19/20 Bharathiyar Road Karpagavinayagar Nagar, Ganapathy Coimbatore – 641 006	May 29, 2019**	1) ABT Foods Agrovet Limited 2) ABT Foods Limited 3) ABT Finance Limited 4) Sakthi Pelican Insurance Broking Private Limited 5) Sakthifinance Commercial Vehicle and Infrastructure Limited

* In terms of Section 149 of the Companies Act 2013, the Company has appointed Dr. A. Selvakumar and Sri. P. S. Gopalakrishnan as Independent Directors for a second term of five years, not liable to retire by rotation, at the Annual General Meeting held on September 23, 2019.

In terms of Section 149 of the Companies Act 2013, the Company has appointed Smt. Priya Bhansali and Sri. K P Ramakrishnan as Independent Directors for a second term of five years, not liable to retire by rotation, at the Annual General Meeting held on December 17, 2020.

** Dr. S. Veluswamy relinquished his position as Director (Finance and Operations) and resigned as Chief Financial Officer with effect from 24th May 2022. However, he continues to be a Non-Executive, Non-Independent Director of the Company.

*** Listing suspended due to procedural reasons. He is an independent Director of this company. Dharani Suagrs and Chemicals Limited, was under the Corporate Insolvency Resolution Process (CIRP) under the IBC, with NCLT/NCLAT. During the process, a case was filed in the Supreme Court, which was disposed off in March 2024. Subsequent to this judgement, the company has since come out of the CIRP upon approval of its resolution plan by the Committee of Creditors.

Brief profile of the Directors of our company

Dr. M Manickam, Chairman of our Company has a Master of Statistics from Madras University and a Master of Business Administration from the University of Michigan in the United States. He has over 40 years of experience in the business and industrial fields. He serves as an advisor to SFL. He is the Chairman and Managing Director of Sakthi Sugars Limited. In addition, he serves as Chairman and Managing Director of Sakthi Auto Component Limited. In July 2010, he was awarded the "Doctor of Science" (*Honoris Causa*) Degree by Tamil Nadu Agricultural University, Coimbatore in recognition of his contributions to the management of agro-processing industries and agricultural development. He was also the President of the Indian Sugar Mills Association (“ISMA”), the South Indian Sugar Mills Association (“SISMA”), and the Sugar Technologists Association of India (“STAI”).

Sri. M. Balasubramaniam, Vice Chairman and Managing Director of our Company, holds a Master’s Degree in Commerce from Madras University and a Master’s Degree in Business Administration from Notre Dame University, USA. He joined SFL as a Director in the year 1985 and has been associated with SFL, since then. He is also the Managing Director of Sakthi Sugars Limited. He has an experience of 38 years in the field of Finance, Auto and Sugar Industries. He was the Chairman of Coimbatore Zone of Confederation of Indian Industry and was also a member of the Management Committee of Coimbatore Management Association. He was also the Senate Member of Bharathiyar University during 2016-2019. He is a member of Southern Regional Committee of All India Council for Technical Education (“AICTE”).

Sri. M Srinivaasan holds a Bachelor's degree in Engineering from University of Mysore and a Master's Degree in Business Administration from Pennsylvania State University, USA. He has been the Managing Director of Sri Chamundeswari Sugars Limited since 1996. He is also the Joint Management Director of Sakthi Sugars Limited. He has experience of about 31 years in the field of sugar industry. He was the President of South India Sugar Mills Association, Karnataka between 1997-1999 and 2005-2008. He was also the President of Indian Sugar Mills Association, New Delhi, during the year 2012-13.

Dr. A Selvakumar holds a Master's degree in Engineering from Guindy Engineering College, Chennai and a Doctorate in Engineering from Concordia University, Montreal, Canada. He was working as a Project In-charge at Naval Engineering Test Establishment in Canada. He has more than four decades of experience in the field of systems and application.

Sri. P S Gopalakrishnan holds a Graduate degree in Commerce and Law. He is also an Associate Member of the Institute of Bankers, London. He is also a Fellow of Economic Development Institute of World Bank, Washington. He was former Chairman of IFCI Limited, Indian Overseas Bank and Oriental Bank of Commerce. He was also the Executive Trustee of Unit Trust of India. He has rich and varied experience in banking and finance, gained over a period of five decades in banking sector.

Smt. Priya Bhansali holds a Graduate Degree in Commerce. She is a Fellow Member of the Institute of Chartered Accountants of India and also holds a Diploma in Information System Audit ("DISA"). She is a partner in M/s. Kumbhat & Co, Chartered Accountants. She has been a practicing Chartered Accountant for over three decades. She has experience and expertise in Direct Taxes, Audit, Joint Ventures, FDI and International Taxation etc.

Sri. K P Ramakrishnan holds a Graduate Degree in Engineering from Indian Institute of Technology, Chennai. He was former Chief General Manager of IDBI Bank Limited. He has rich and varied experience in banking and finance, gained over a period of more than three decades in banking sector.

Dr. S. Veluswamy holds a Master's degree in Commerce from Madras University. He is also an Associate Member of The Institute of Company Secretaries of India. He has also received a Doctorate degree in Commerce from Bharathiyar University, Coimbatore. He has been associated with the Company for more than 30 years with experience in secretarial, business operations and finance, funding of the Company. He had a stint as Chief Financial Officer of our Company (November 2014 - November 2015) as also was the Chief Executive Officer for 3 years till his appointment as Director. He was also Director (Finance and Operations) and Chief Financial Officer of the Company from 29th May 2019 to 24th May 2022. He continues to be a non-executive non-independent director of our company. He is presently the Chief Financial Officer of Sakthi Sugars Limited.

Each independent director of our company is registered with the Independent Directors' Databank issued by the Indian Institute of Corporate Affairs, set up by the Ministry of Corporate Affairs, GoI.

HISTORY AND CERTAIN CORPORATE MATTERS

BRIEF BACKGROUND OF THE COMPANY

Our Company was promoted by Late Dr. N. Mahalingam and incorporated as “The Pollachi Credit Society Private Limited” on March 30, 1955 under the Indian Companies Act 1913. Our Company was later converted into a public limited company and the name of our Company was changed to Sakthi Finance Limited on July 27, 1967 and a fresh Certificate of Incorporation was obtained from Registrar of Companies, Madras. Our Company came out with its first public issue of equity shares in 1984 and mobilized ₹ 75 lakh and the Equity Shares of the Company were listed on BSE, MSE, The Delhi Stock Exchange Limited and Bangalore Stock Exchange Limited. At present, the Equity Shares of our Company are listed only at BSE Limited. The corporate identification number of our Company is L65910TZ1955PLC000145.

Our Company holds a certificate of registration issued by the RBI dated April 17, 2007 bearing registration no.07-00252 to carry on the activities of an NBFC under Section 45-IA of the RBI Act 1934 as an NBFC-Investment and Credit Company-Deposit-Taking (Middle Layer). Our Company’s business currently involves acceptance of deposits, non-convertible debentures, hire purchase financing of commercial vehicles, machinery etc. with its main focus on the financing of pre-owned commercial vehicles. As on December 31, 2023, we have a network of 53 branch offices located in Tamil Nadu, Kerala, Andhra Pradesh, Karnataka, Maharashtra, New Delhi and Union Territory of Puducherry.

Disclosures required under Section 30 of the Companies Act, 2013

The signatories to the Memorandum of Association were Dr. N. Mahalingam and Sri. A. Subramaniam who had subscribed to 10 and 5 equity shares of ₹ 1,000 each respectively of the Company. The liability of the members of our Company is limited by shares.

Registered Office and changes in registered office of our Company

At present our Registered Office is situated at 62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore - 641 018, Tamil Nadu. The details of change in the registered office are as under:

Effective Date of change	Address changed	
	From	To
01/06/1961	4&4A, Goods Shed Road, Pollachi – 642001	28, Nachimuthu Gounder Street, Pollachi – 642 001
09/09/1967	28, Nachimuthu Gounder Street, Pollachi -642001	62, Dr. Nanjappa Road, Post Box No. 3745, Coimbatore – 641 018

Key events, milestones and achievements since FY 1984-85

FY	Particulars
1984-85	<ul style="list-style-type: none"> ▪ Company made an initial public issue of Equity Shares for ₹ 75 lakh. ▪ The Equity Shares were listed on BSE, MSE and Delhi Stock Exchange Ltd.
1985-86	<ul style="list-style-type: none"> ▪ Fixed deposit acceptance crossed ₹ 1,000 lakh ▪ Company expanded safe deposit locker operations ▪ Stock on hire limit crossed ₹ 1,000 lakh ▪ 10 branch offices opened
1986-87	<ul style="list-style-type: none"> ▪ Stock on hire limit crossed ₹ 2,500 lakh ▪ Paid up capital rises to ₹100 lakh
1987-88	<ul style="list-style-type: none"> ▪ Gross income exceeded ₹ 1,000 lakh ▪ Crossed limit of 25 branch offices
1988-89	<ul style="list-style-type: none"> ▪ Fixed deposit acceptance crossed ₹ 6,000 lakh ▪ Number of fixed depositors crossed 1,00,000 mark ▪ Crossed limit of 38 branch offices
1989-90	<ul style="list-style-type: none"> ▪ Fixed deposit acceptance crossed ₹ 8,000 lakh
1990-91	<ul style="list-style-type: none"> ▪ Fixed deposit acceptance crossed ₹ 10,000 lakh

FY	Particulars
	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 7,000 lakh ▪ Gross income crossed ₹ 2,500 lakh ▪ Net worth crossed ₹ 1,000 lakh
1991-92	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 7,500 lakh
1992-93	<ul style="list-style-type: none"> ▪ Fixed deposit acceptance crossed ₹ 12,000 lakh
1993-94	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 10,000 lakh ▪ Bank borrowings limit crossed ₹ 1,000 lakh
1994-95	<ul style="list-style-type: none"> ▪ Company obtains credit rating of MA from ICRA Ltd for its fixed deposit programme ▪ Bank borrowings limit crossed ₹ 2,500 lakh ▪ Net worth crossed ₹ 2,500 lakh ▪ Fixed deposit acceptance crossed ₹ 17,500 lakh ▪ Net profit exceeded ₹ 500 lakh
1995-96	<ul style="list-style-type: none"> ▪ ICRA upgraded company's fixed deposit programme to MA+ ▪ Gross income crossed ₹ 5,000 lakh ▪ New Head Office building inaugurated ▪ Equity Shares listed in Coimbatore Stock Exchange Limited
1996-97	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 22,000 lakh
1997-98	<ul style="list-style-type: none"> ▪ New prudential norms of RBI adopted ▪ Retail secured redeemable non-convertible debentures were issued on private placement basis
1998-99 (18 months)	<ul style="list-style-type: none"> ▪ RBI registration obtained to function as an NBFC ▪ Gross income crossed limit of ₹ 7,500 lakh ▪ Retail secured redeemable non-convertible debentures crossed ₹ 3,000 lakh
1999-01 (18 months)	<ul style="list-style-type: none"> ▪ Net worth crossed ₹ 3,000 lakh
2001-02	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 14,000 lakh
2004-05	<ul style="list-style-type: none"> ▪ Net stock on hire crossed ₹ 15,000 lakh ▪ The shares of the Company delisted from Coimbatore and Delhi Stock Exchanges Limited
2005-06	<ul style="list-style-type: none"> ▪ Retail non-convertible debentures crossed ₹ 6,000 lakh
2006-07	<ul style="list-style-type: none"> ▪ Classified as an Asset Finance Company by RBI ▪ Net stock on hire crossed ₹ 20,000 lakh ▪ Bank / FI borrowings crossed ₹ 2,500 lakh
2007-08	<ul style="list-style-type: none"> ▪ Paid up equity capital crossed ₹ 2,500 lakh ▪ Net stock on hire crossed ₹ 25,000 lakh ▪ Net worth crossed ₹ 5,000 lakh ▪ Retail non-convertible debenture limit crossed ₹12,500 lakh
2008-09	<ul style="list-style-type: none"> ▪ Net Profit crossed ₹ 500 lakh ▪ Stock on hire crossed ₹ 34,000 lakh ▪ Bank / FI borrowings crossed ₹ 6,000 lakh
2009-10	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 40,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 7,500 lakh ▪ Retail non-convertible debentures crossed ₹ 27,500 lakh
2010-11	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 50,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 7,500 lakh ▪ Reaffirmed long term rating of [ICRA] BBB for bank funds and [ICRA] A2 for short term bank funding
2011-12	<ul style="list-style-type: none"> ▪ Gross income crossed ₹ 10,000 lakh ▪ Net worth crossed ₹ 12,500 lakh ▪ Profit after tax crossed ₹ 1,100 lakh
2012-13	<ul style="list-style-type: none"> ▪ Gross income crossed ₹ 12,500 lakh ▪ Retail debentures crossed ₹ 40,000 lakh
2013-14	<ul style="list-style-type: none"> ▪ Stock on hire crossed ₹ 75,000 lakh ▪ Bank / FI borrowings limit crossed ₹ 17,500 lakh
2014-15	<ul style="list-style-type: none"> ▪ The Equity Shares were delisted from MSE ▪ First Public issue of secured redeemable non-convertible debentures for ₹ 10,000 lakh

FY	Particulars
2016-17	<ul style="list-style-type: none"> ▪ Second Public issue of secured redeemable non-convertible debentures for ₹ 20,000 lakh ▪ AUM crossed: ₹ 90,000 lakh ▪ Income crossed: ₹ 17,000 lakh
2017-18	<ul style="list-style-type: none"> ▪ Bank / FI borrowings limit crossed ₹ 19,500 lakh ▪ Net worth crossed ₹ 15,000 lakh
2018-19	<ul style="list-style-type: none"> ▪ Enhancement of Authorized Capital to ₹ 13,000 lakh
2019-20	<ul style="list-style-type: none"> ▪ Third Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 15,000 lakh ▪ Issue of 1,47,05,882 Equity Shares to three of the promoter Group Companies and a body corporate at a premium of ₹ 7 per share ▪ Financial Statements of the company have been prepared for first time in accordance with Indian Accounting Standards ("Ind AS")
2020-21	<ul style="list-style-type: none"> ▪ Fourth Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 20,000 lakh
2021-22	<ul style="list-style-type: none"> ▪ Fifth Public Issue of secured and unsecured redeemable non-convertible debentures for ₹ 20,000 lakh
2022-23	<ul style="list-style-type: none"> ▪ Sixth Public Issue of secured redeemable non-convertible debentures for ₹ 10,000 lakh
2023-24	<ul style="list-style-type: none"> ▪ Seventh Public Issue of secured redeemable non-convertible debentures for ₹ 20,000 lakh
2023-24	<ul style="list-style-type: none"> ▪ Eighth Public Issue of secured redeemable non- convertible debentures for ₹ 20,000 lakh

SECTION V
FINANCIAL INDEBTEDNESS

A brief summary of our Company's outstanding secured and unsecured borrowings as on December 31, 2023 together with a brief description of certain significant terms of such financing arrangement is as under:

Sr. No	Types of loan	Amount outstanding as on December 31, 2023 (₹ lakh)
SECURED BORROWINGS AVAILED BY OUR COMPANY		
A	Term loans	9,567.67
B	Cash credit and short- term working capital demand loan / facilities	6,668.24
C	Secured, non-convertible debentures issued on private placement basis	12,094.79
D	Secured, Redeemable Non-Convertible Debentures (public issues)	36,889.56
E	Interest accrued but not due on the above outstanding	3,060.76
F	Unclaimed matured debentures and interest accrued thereon	5.00
(I)	TOTAL SECURED BORROWINGS	68,286.02
UNSECURED BORROWINGS AVAILED BY OUR COMPANY		
A	Fixed deposits	6,649.71
B	Subordinated debt	20,883.55
C	Unsecured Redeemable Non-Convertible Debentures (public issues)	10,737.97
D	Interest accrued but not due on the above	7,028.40
E	Redeemable Cumulative Preference Shares	2,370.15
F	Interest accrued but not due on the above	94.65
(II)	TOTAL UNSECURED BORROWINGS	47,764.43
(III)	TOTAL (I +II)	1,16,050.45

1. SECURED BORROWINGS AVAILED BY OUR COMPANY

A. Term Loans

Set out below is a brief summary of our Secured Term Loans as on December 31, 2023:

i. State Bank of India

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated 31 st day of July, 2020.	5,000.00	1559.95	58 monthly instalments	13.30% p.a. (compounded on monthly rest)
2	Deed of hypothecation and facility agreement dated 31 st July 2020 (Working capital term loan carved out from CC of 64.04 cr)	4,500.00	4050.00	10 half yearly instalments	13.30 % p.a.
Security		Exclusive first charge on hypothecation of assets covered under HP/Hypothecation of loans/ lease agreement and the resultant receivables as acceptable to the lender.			
Collateral		Exclusive Mortgage over the land and building (S.F.No.161/2, Total area 14,136 sq. feet) at Block No.7, D.No.62, Dr. Nanjappa Road, Coimbatore, land belonging to			

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
		a) Sri. M. Srinivaasan, Director and b) Sakthi Finance Limited (leasehold rights).			
	Penalty	Rate of interest <i>plus</i> 5% p.a.			
	Rescheduling	Nil			
	Event of Default	Penalty			
	1. Irregularity in cash credit account.	5% per annum on the irregular portion for the period of irregularity.			
	2. Non submission of stock statement.	₹ 1,800 per day.			
	3. Non submission of renewal data.	Flat ₹ 45,000 up to the date of renewal and Flat ₹ 90,000 per month thereafter till the date of submission.			
	4. Non- renewal of insurance.	₹ 180 for each day of delay beyond due date.			
	5. Diversion of funds.	1.80% on the entire out standings.			
	6. Non - payment of interest/ instalment	5% per annum on the irregular portion for the period of irregularity.			

Revalidated sanction letter dated December 04, 2023, for above loans and WC facilities

ii. The Karur Vysya Bank Limited (Adhoc Limit)

Sr. No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date / Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated December 20, 2023 Sanction letter December 20, 2023 (Adhoc facility). extension for another 3 months up to 27 th March, 2024	1,500.00	1500.00	Bullet repayment on March 27, 2024	11.20% p.a.
	Security	Exclusive first charge on hypothecation of assets covered under HP/ Hypothecation of loans/ lease agreement and the resultant receivables as acceptable to the lender with 1.33 Asset cover. Personal Guarantees of Dr. M. Manickam and Sri. M.Balasubramniam			
	Penalty	Rate of interest <i>plus</i> 3% p.a. for delay/ default in repayment and non adherence of terms and conditions of the Sanction			

(*** Since closed as on date of filing this DRHP)

iii. Shriram Finance Limited

Sr No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date /Schedule	Rate of Interest (% p.a.)
1	Deed of hypothecation and facility agreement dated September 25, 2023 (Sanction Letter dated 22/09/2023	1000	957.72	36 months with one month moratorium	13.25% p.a. (compounded on monthly rest)

Sr No	Details of Documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Repayment date /Schedule	Rate of Interest (% p.a.)
2	Deed of hypothecation and facility agreement dated December 30, 2023 (Sanction Letter dated 21/12/2023)	1500	1500.00	36 months with one month moratorium	13.25% p.a. (compounded on monthly rest)
Security		Exclusive first charge on portfolio of receivables as acceptable to the lender 1.1 times the borrowings			
Prepayment		3% (exclusive of Taxes) on Principal Outstanding as on the foreclosure date. Provided that the Borrower will not be required to pay the Prepayment Penalty when the Lender arranges for the sale or securitization of the Portfolio in the agreement.			
Penalty		36% p.a. compounded on monthly rest.			
Rescheduling		Nil			
Events of Default		<ul style="list-style-type: none"> • Non-payment of charge / interest / instalment due on time • Misrepresentation, non-performance / breach / violation of terms of sanction • Amalgamation / reorganization, nationalization, etc. • Prevented by competent authority from carrying on business • Insolvency / winding up /apprehension of insolvency • Jeopardizing/prejudicial to security • Any failure on the part of management to fulfill any obligations 			
Consequence of Default		On and at any time after the occurrence of an event of default, the lender may by 7 days written notice to the borrower : a) declare that all or part of the facility, together with accrued interest and all other amounts accrued or outstanding under the agreement and/or the security documents to be immediately due and payable, whereupon they shall become immediately due and payable; and/or b) declare that all or part of the facility be payable on demand, whereupon it shall immediately become payable on demand together with accrued interest and all other amounts accrued under the agreement and/or the security documents.			

B. Cash credit and Short Term working capital demand loan / facilities

Set out below is a brief summary of our secured Cash Credit and Short Term working capital demand loan / facilities as on December 31, 2023. Our cash credit and working capital demand loan are all repayable upon demand by the respective lenders.

Sr No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
1	Indian Overseas Bank Letter of Hypothecation dated April 28, 2014 Consent Cum Authorization Letter dated April 28, 2014 (Last Renewal Letter dated 31/03/2023 CC limits renewed with reducing DP @ ₹25 lakhs per month.). Limit presently continuing. Renewal application filed to IOB	CC : 800.00 ----- --- Total : 800.00 ----- ---	420.76	MCLR + 4.10%	Hypothecation of specific HP receivables and any other security created in favour of the company to secure the relevant loan facilities to be obtained under the relevant obligor.
2	The Karnataka Bank Limited Hypothecation agreement dated March 30, 2024. Renewal of Sanction letter dated March 22, 2024. Agreement for book debt/ receivables dated March 30,2024	WCDL : 720.00 CC : 480.00 ----- -- Total: 1,200.00 ----- --	702.48	MCLR + 1.15%	Already held exclusive charge by way of hypothecation of specific movable assets being fixed/current assets relating to lease, Hypothecation loans and hire purchase agreement/loan agreement.
3	Bank of India Modification of charge letter dated January 29, 2013 Sanction letter dated January 18, 2024	CC : 300.00 WCDL 300.00 ----- --- Total : 600.00 ----- ---	297.85	CC: MCLR + 4.5% WCDL MCLR+ 4.7%	Hypothecation of vehicles / equipment now hired out by the company with all ancillary fittings, additions, tool, accessories and equipment and to be hired out by them from time to time by assigning all their contractual rights in the HP agreements between the borrower and the hirers executed and to be executed from time to time in favour of the bank by way of first charge. WCDL to be repaid in single bullet on September 28, 2024.

Sr No	Name of lenders and details of documentation	Amount sanctioned (₹ lakh)	Amount outstanding (₹ lakh)	Rate of interest p.a.	Security
4	Central Bank of India Letter of hypothecation dated November 13, 2013; Letter of hypothecation, book-debts-loans dated November 13, 2013 Sanction Letter dated April 23, 2024.	WCDL : 1,800.00 CC : 1,200.00 ----- Total : 3,000.00 -----	2,203.15	MCLR + 2.50%	Assignment of HP documents and hypothecation of assets under HP documents.
5	State Bank of India Agreement for overall limit dated July 31, 2020. Sanction letter dated December 04, 2023 for renewal of limits. During this renewal there was a carve out of TL from WC Limits which is shown as Term Loan.	CC: 1024.00	707.87	MCLR + 2.50%	Exclusive first charge on hypothecation of assets covered under HP / Hypothecation Loan / Lease agreements and the resultant receivables. Equitable mortgage over the land and building situated at S.F. No 161/2, Dr. Nanjappa Road, Coimbatore, Land belonging to Mr. M. Srinivaasan, Director.
6	The Karur Vysya Bank Limited Agreement for cash credit and overdraft dated December 20, 2023 Sanction letter dated 20/12//2023	WCDL : 1,500.00 CC : 1,000.00 ----- Total : 2,500.00 -----	2,336.13	MCLR + 1.35%	Exclusive charge on Hypothecation of Current Assets, Book Debts, Loans and advances and receivable assigned to them (both present & future) with a margin of 25% (1.33 times)
Total			6668.24		

WCDL: Working capital demand loan; CC: Cash Credit; HP: Hire purchase

A. Secured redeemable non-convertible debentures issued on a private placement basis

Our Company has issued secured, redeemable, non-convertible debentures of face value of ₹ 1 and ₹ 1,000 to subscribers on private placement basis (“NCDs on private placement basis”). These secured, redeemable, non-convertible debentures have been allotted on a continuing basis. The terms of conditions of these debentures including coupon rates, have been decided by the Board of Directors at the time of each issue. Given below is a brief summary of our secured, redeemable, non-convertible debentures as on December 31, 2023.

These NCDs are not rated and is secured by the hypothecation over identified hire-purchase receivables of our Company.

Fixed Income Scheme

(₹ lakh)

Date of Allotment	Amount	Rate of Interest (%)	Maturity period from the date of allotment	Date of Redemption	Amount outstanding as on 31-Dec-23
Opening balance up to 31.12.2022 (Principal)	6,908.70	8.50 to 10.25	15 to 60 Months	-	-
₹ 1,000 Debentures					
17.10.2022 to 28.11.2023	-	8.50 to 9.00	15 Months	17.01.2024 to 28.02.2025	884.00
22.08.2023 to 30.12.2023	-	8.75 to 9.25	24 Months	22.08.2024 to 30.12.2025	508.00
28.04.2021 to 29.11.2023	-	8.00 to 9.50	36 Months	28.04.2024 to 29.11.2026	3,222.00
28.11.2022	-	9.75	48 Months	28.11.2026	150.00
28.11.2022 to 27.12.2023	-	10 to 10.25	60 Months	28.11.2027 to 30.12.2028	2,694.00
Total (I)					7,458.00
Interest accrued but not due on the above (II)					-
Unclaimed Matured amount (III) (₹ 1 Debentures)					5.00
Total (I) + (II) + (III)					7,463.00

Cumulative Income Scheme

(₹ lakh)

Date of Allotment	Amount	Rate of Interest (%)	Maturity Period from the date of allotment	Date of Redemption	Amount outstanding as on 31-Dec-23
Opening balance up to 31.12.2022 (Principal)	4,211.10		15 to 60 Months	-	-
₹ 1,000 Debentures					
17.10.2022 to 30.12.2023	-	8.50 to 9.00	15 Months	17.01.2024 to 30.03.2025	878.00
28.02.2022 to 31.10.2023	-	8.75 to 9.25	24 Months	28.02.2024 to 31.10.2025	594.00
13.01.2021 to 13.10.2023	-	9.00 to 9.50	36 Months	13.01.2024 to 13.10.2026	2,110.50
28.01.2023		9.75	48 Months	28.01.2027	25.00
28.11.2022 to 30.12.2023		10 to 10.25	60 Months	28.11.2027 to 30.12.2028	1,029.29
Total (I)					4,636.79
Interest accrued but not due on the above (II)					366.68
Unclaimed matured amount (III) (₹ 1,000 Debentures)					-
Total (I) + (II) + (III)					5,003.47

B. Secured redeemable non-convertible debentures (Public issue)

Public Issue May 2019

Our Company has made a public issue of 15,00,000 secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating ₹ 15,000.00 lakh and allotted 11,77,000 non-convertible debentures aggregating ₹ 11770.00 lakhs on May 15, 2019. The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
Unsecured								
IX	INE302E08207	Monthly	61	10.25	10.25	2,084.53	15/05/2019	15/06/2024
X	INE302E08035	Annually	61	10.25	10.65	106.70		15/06/2024
XI	INE302E08043	Cumulative	61	N.A.	13.24	2,183.57		15/06/2024
TOTAL						4,374.80		
Rating	“[ICRA] BBB (Stable)”							
Security	Not Applicable for outstanding NCDs as these are issued as Unsecured NCDs.							

Public Issue May 2020

Our Company has made a public issue of 20,00,000 Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 20,000.00 lakh and allotted 10,28,631 non-convertible debentures aggregating to ₹ 10,286.31 lakhs on May 08, 2020.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
VI	INE302E07300	Monthly	49	10.00	10.00	1,894.23	08/05/2020	08/06/2024
VII	INE302E07318	Annually	49	10.00	10.38	248.73		08/06/2024
VIII	INE302E07326	Cumulative	49	N.A.	12.17	1,129.16		08/06/2024
Unsecured								
IX	INE302E08050	Monthly	62	10.25	10.25	738.88	08/07/2025	08/07/2025
X	INE302E08068	Annually	62	10.25	10.65	66.60		08/07/2025
XI	INE302E08076	Cumulative	62	N.A.	13.30	798.22		08/07/2025
TOTAL						4,875.82		
Rating	“[ICRA] BBB (Stable)”							
Security	Mortgage over an identified immovable property admeasuring 1,705 sq.ft. situated at Anna Nagar, Madurai, under Madurai Registration District, owned by our Company. Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue July 2021

Our Company has made a public issue of 20,00,000 Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 20,000.00 lakh and allotted 19,85,365 non-convertible debentures aggregating to ₹ 19,853.65 lakh on July 29, 2021.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
III	INE302E07359	Monthly	39	9.75	9.75	1,663.12	29/07/2021	29/10/2024
IV	INE302E07367	Cumulative	39	N.A.	11.32	1,595.15		29/10/2024
V	INE302E07375	Monthly	49	10.00	10.00	3,566.23		29/08/2025
VI	INE302E07383	Cumulative	49	N.A.	12.17	2,106.90		29/08/2025
Unsecured								
VII	INE302E08084	Monthly	61	10.50	10.50	3,088.94		29/08/2026
VIII	INE302E08092	Cumulative	61	N.A.	13.64	1,670.53		29/08/2026
TOTAL						13,690.87		
Rating	“[ICRA] BBB (Stable)”							
Security	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue April 2022

Our Company has made a public issue of 10,00,000 Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 10,000.00 lakh and allotted 10,00,000 non-convertible debentures aggregating to ₹ 10,000.00 lakhs on April 29, 2022.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
III	INE302E07425	Monthly	36	8.75	8.75	412.01	29/04/2022	29/04/2025
IV	INE302E07441	Cumulative	36	N.A.	9.88	681.25		29/04/2025
V	INE302E07433	Monthly	48	9.00	9.00	227.64		29/04/2026
VI	INE302E07458	Cumulative	48	N.A.	10.69	126.30		29/04/2026
VII	INE302E07466	Monthly	60	10.00	10.00	4,374.51		29/04/2027
VIII	INE302E07474	Cumulative	60	N.A.	12.77	2,116.80		29/04/2027
TOTAL						7,938.51		
Rating	“[ICRA] BBB (Stable)”							
Security	Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.							

Public Issue May 2023

Our Company has made a public issue of 20,00,000 Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹20,000 lakh and allotted 14,68,604 non-convertible debentures aggregating to ₹ 14,686.04 lakh on May 8, 2023.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
I	INE302E07573	Monthly	24	9.00	9.00	1,348.77	08/05/2023	08/05/2025
II	INE302E07508	Cumulative	24	N.A.	9.74	1,953.26		08/05/2025
III	INE302E07540	Monthly	36	9.25	9.25	656.18		08/05/2026
IV	INE302E07516	Cumulative	36	N.A.	10.52	1,540.08		08/05/2026
V	INE302E07557	Monthly	48	9.50	9.50	210.19		08/05/2027
VI	INE302E07590	Cumulative	48	N.A.	11.40	251.01		08/05/2027
VII	INE302E07565	Monthly	60	10.25	10.25	5,075.37		08/05/2028
VIII	INE302E07524	Cumulative	60	N.A.	13.17	1,615.48		08/05/2028
IX	INE302E07532	Cumulative	85	N.A.	14.30	2,035.70		08/06/2030
TOTAL						14,686.04		
Rating		“[ICRA] BBB (Stable)”						
Security		Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.						

Public Issue February 2024

Our Company has made a public issue of 20,00,000 Secured, redeemable, non-convertible debentures of face value of ₹ 1,000 each aggregating to ₹ 20,000 lakh and allotted 14,80,964 non-convertible debentures aggregating to ₹ 14,809.64 lakh on February 27, 2024.

The details of outstanding amounts in connection with said public issue are as under:

Debenture Options	ISIN	Frequency of Interest payment	Tenor / Period of Maturity (Months)	Interest Rate p.a. (%)	Effective Yield (%) p.a.	Amount as on April 30, 2024 (₹ lakh)	Date of Allotment	Redemption Date
Secured								
I	INE302E07607	Monthly	24	9.00	9.00	1,101.82	08/05/2023	27/02/2026
II	INE302E07615	Cumulative	24	N.A.	9.74	1,412.80		27/02/2026
III	INE302E07656	Monthly	36	9.25	9.25	707.89		27/02/2027
IV	INE302E07599	Cumulative	36	N.A.	10.52	1,787.01		27/02/2027
V	INE302E07649	Monthly	60	10.25	10.25	5,703.14		27/02/2029
VI	INE302E07631	Cumulative	60	N.A.	13.17	2,556.84		27/02/2029
VII	INE302E07623	Cumulative	85	N.A.	14.30	1,540.14		29/03/2031
TOTAL						14,809.64		
Rating		“[ICRA] BBB (Stable)”						
Security		Hypothecation over specific hire-purchase receivables of our Company, including book-debts and receivables thereon, both present and future.						

30 May 2024

1. UNSECURED BORROWINGS AVAILED BY OUR COMPANY**A. Fixed deposits**

As a deposit taking non-banking financial company, we accept unsecured deposits from the public, both non-cumulative and cumulative basis, which are accepted in multiples of ₹ 1,000 with a minimum deposit amount of ₹ 10,000 which are maturing for a period ranging from 15 months to 60 months from the date of the acceptance of deposit. As on date, the fixed deposit carries rate of interest in the range of 8.25% p.a. to 9.25% p.a. Given below is the brief summary of the fixed deposit details as on September 30, 2023.

Type of instrument	Amount outstanding as on December 31, 2023 (₹ lakh)*	Repayment date / schedule	Credit rating
Fixed deposits - non cumulative scheme	3,233.54	15-60 months from the date of the deposit / renewal	ICRA (BBB) - (Stable) (ICRA Limited)
Fixed deposits - cumulative scheme	3,416.17	15-60 months from the date of the deposit / renewal	
Total	6649.71		

* The aforesaid fixed deposit amount also includes the unclaimed deposits amount.

B. Unlisted subordinated debt

Our Company has issued unlisted unsecured, subordinated, non-convertible bond of face value of ₹ 1,000 ("Retail Subordinated Debt I and II") to retail subscribers on private placement basis. The Retail Subordinated Debts have been allotted on a continuing basis for a tenure of 61 months, at interest rates of 11.50% p.a (Retail Subordinated Debt Series I) and 10% p.a. (Retail Subordinated Series II). Given below is the brief summary of our retail subordinated debts as on December 31, 2023:

Type of instrument	Amount outstanding as on December 31, 2023 (₹ lakh)*	Repayment date / schedule	Date of allotment	Credit rating
Retail subordinated debt I		Tenor of 61 months	August 01 2013 to December 16, 2014	N A
Fixed Income	10.62			
Cumulative Income	4.13			
Retail subordinated debt II		Tenor of 61 months	October 30, 2018 to May 30, 2020	N.A
Fixed Income	12,441.40			
Cumulative Income	8,427.40			
Total	20,883.55			

* The aforesaid subordinated debt amount also includes the unclaimed amount.

2. Perpetual Debt

Our Company has not issued any Perpetual Debt

3. Commercial Papers

Our Company has not issued any Commercial Papers.

4. Corporate Guarantees

Our Company has not issued any Corporate Guarantees.

5. Inter-Corporate Deposits

Our Company has not issued any Inter-Corporate Deposits

6. Inter-Corporate Loans

Our Company has not borrowed any amount by way of demand loans under the same management.

7. Loan / Investments from Directors and Relatives of Directors

Sl No	Name of the Director / Relative	Amount Raised (₹ lakhs)	Amount Outstanding (₹ lakhs)
(A) Subscription in NCDs:			
1	Sri P S Gopalakrishnan	35.00	35.00
2	Smt Vinodhini Balasubramaniam	180.00	180.00
3	Smt Samyuktha Vanavaraayar	210.00	210.00
4	Miss Shruthi Balasubramaniam	55.00	55.00
5	Smt Lalitha Ramakrishnan	25.00	25.00
6	Sri Hariharasudhan Manickam	2.00	2.00
7	Smt Bhavani Gopal	10.00	10.00
8	Smt Karunambal Vanavarayar	524.00	524.00
9	Selvan Amrith Vishnu Balasubramaniam	22.00	22.00
(B) Subscription in SD Bonds:			
1	Smt Vinodhini Balasubramaniam	10.00	10.00
2	Selvi Shruthi Balasubramaniam	10.00	10.00

8. Details of any outstanding borrowings taken / debt securities issued for consideration other than cash. (a) in whole or part (b) at a premium or discount (c) in pursuance of an option as on December 31, 2023.

Our Company has no outstanding borrowings taken / debt securities issued whether taken or issued (a) for consideration other than cash, whether in whole or in part (b) at a premium or discount (c) in pursuance of an option as on December 31, 2023

10. Details of rest of the borrowings (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on December 31, 2023:

The details of outstanding Redeemable, Cumulative Preference Shares as on December 31, 2023 is given below:

Name of the Instrument	Instrument	Allotted on	Outstanding (₹ Lakhs)	Schedule of repayment
8.25% Redeemable Cumulative Preference Shares	Preference Shares	February 13, 2021	349.00	February 13, 2024
		February 26, 2021	486.50	February 26, 2024
		March 12, 2021	200.50	March 12, 2024
		March 31, 2021	133.00	March 31, 2024
		April 19, 2021	331.00	April 19, 2024
			1,500.00	

Name of the Instrument	Instrument	Allotted on	Outstanding (₹ lakhs)	Schedule of repayment
9% Redeemable Cumulative Preference Shares	Preference Shares	December 16, 2023	286.75	December 16, 2026
		December 30, 2023	583.40	December 30, 2026
			870.15	

As at December 31, 2023 the total outstanding CRPS (both 8.25% and 9% instruments) was ₹ 2376.15 lakh

Fresh Issuance Post December 31,2023

Name of the Instrument	Instrument	Allotted on	Outstanding (₹ lakhs)	Schedule of repayment
9% Redeemable Cumulative Preference Shares	Preference Shares	January 23, 2024	280.20	January 23,2027
		March 30, 2024	288.80	March 30,2027
		April 17, 2024	60.85	April 17,2027
Total			629.85	

(Note: 1. As on Date of filing of this GID, the 8.25% CRPS have been fully redeemed.
2. Outstanding as at date of filing of this GID ₹ 1,500 lakhs of 9% RCPS.)

9. List of Top holding by NCD Public Issue / NCD (Private Placement / Subordinated Debt)

Sl No	Name of Holder of NCS	Amount (₹ lakhs)
1	Jansi Rani Ramaswamy	922.00
2	Karunambal Vanavarayar	524.00
3	Manoharan P	447.00
4	Karpakavalli K	425.00
5	Saikumar B A	295.06
6	Tarla H Malani	270.00
7	Sakthifinance Financial Services Ltd	235.20
8	Anitha Shaikumar	233.16
9	Kalidhas S	230.00
10	R Lalitha	210.00

10. The amount of Corporate Guarantee issued by our Company along with the name of the counterparty on behalf of whom it has been issued.

Our Company has not issued any Corporate Guarantee to any party as on December 31, 2023.

11. Servicing behavior on existing debt securities, payment of due interest on due dates on financing facilities or securities

As on the date of this GID, there has been no default in payment of principal or interest on any existing financing facilities or term loan or debt security issued by the Issuer in the past.

12. Significant restrictive covenants in our debt facilities

Some of the significant corporate actions for which our Company requires the prior written consent of lenders include the following:

- (i) to declare and/or pay dividend to any of its shareholders whether equity or preference, during any financial year unless our Company has paid to the lender the dues payable by our Company in that year;
- (ii) to undertake or permit any merger, amalgamation or compromise with its shareholders, creditors or effect any scheme of amalgamation or reconstruction;
- (iii) to create or permit any charges or lien on any mortgaged or hypothecated properties;
- (iv) to amend its MOA and AOA;
- (v) to make any major investments by way of deposits, loans, share capital, etc. in any manner.
- (vi) to effect a change of ownership or control, or management of the Company;
- (vii) to enter into long term contractual obligations directly affecting the financial position of the Company;
- (viii) to borrow or obtain credit facilities from any bank or financial institution;

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- (ix) to undertake any guarantee obligations on behalf of any other company;
- (x) to change its practice with regard to the remuneration of Directors;
- (xi) to compound or realise any of its book debts and loan receivables or do anything whereby recovery of the same may be impeded, delayed, or prevented;
- (xii) to alter its capital structure, or buy-back, cancel, purchase, or otherwise acquire any share capital; and
- (xiii) to enter into any transaction with its affiliates or transfer any funds to any group or associate concern.

Additionally, certain lenders have the right to nominate a director on the Board on the occurrence of an event of default at any time during the term of the financial facilities.

SECTION VI

OTHER STATUTORY DISCLOSURES

Details of the use of proceeds for on-lending from previous public issues of debt securities

A. Lending Policy

Please refer to the paragraph 'Customer Appraisal Process' under Chapter titled 'Our Business' at Page No. 45.

B. Loans given by the Company

Our Company has not provided any loans/ advances to associates, entities/persons relating to Board, Senior Management or Promoters out of the proceeds of previous issues. The Company has not provided any loans/advances to group entities.

Description of our Loan Portfolio

A. Types of loans

Types of loan given by the Company as on December 31, 2023 are as follows:

Sr. No	Type of Loans	Amount(₹ lakh)
1	Secured	1,25,463.61
2	Unsecured	2,114.01
	Total assets under management (AUM)	1,27,577.62

The finances provided are secured by lien on the assets financed.

B. Denomination of loans outstanding by LTV as on December 31, 2023

Sl No	LTV*	Sep-23
		% of AUM
1	Up to 40%	4.77
2	40%-50%	5.32
3	50%-60%	7.69
4	60%-70%	12.92
5	70%-80%	22.86
6	80%-90%	25.02
7	More than 90%	21.42
	Total	100.00

*LTV at the time of origination.

C. Denomination of loans outstanding by ticket size as on December 31, 2023

Sr. No	Ticket size**	(%) of AUM
1	Up to ₹ 2 lakh	2.64
2	₹ 2 lakh to ₹ 5 lakh	21.94
3	₹ 5 lakh to ₹ 10 lakh	44.32
4	₹ 10 lakh to ₹ 25 lakh	29.85
5	₹ 25 lakh to ₹ 50 lakh	1.25
6	₹ 50 lakh to ₹ 1 crore	-
7	₹ 1 crore to ₹ 5 crore	-
8	₹ 5 crore to ₹ 25 crore	-
9	₹ 25 crore to ₹ 100 crore	-
10	Above ₹ 100 cores	-
	Total	100.00

** Ticket size at the time of origination. The details provided are as per borrower and not as per loan account.

Geographical classification of borrowers as on December 31, 2023

Sr. No	Top Five States	% of AUM
1	Tamil Nadu and Puducherry	80.39
2	Kerala	14.40
3	Karnataka	2.60
4	Andhra Pradesh	2.61
	Total	100.00

Types of loans according to sectoral exposure, as on December 31, 2023, is as follows:

Segment- wise break up of AUM	% of AUM
Retail	
Mortgages (home loans and loans against property)	-
Gold Loans	-
Vehicle Finance	96.01
MFI	-
M & SME	-
Capital market funding (loans against shares, margin funding)	-
Others	3.99
Wholesale	-
Infrastructure	-
Real estate (including builder loans)	-
Promoter funding	-
Any other sector (as applicable)	-
Others	-
Total	100.00

Maturity profile of total retail loan portfolio of the Company as on December 31, 2023 is as follows:

Segment- wise break-up of AUM	Amount (₹ lakh)
Less than 1 month	6,019.33
1-2 month	5,507.33
2-3 month	5,434.94
3-6 month	16,949.81
6 month -1 year	27,023.96
Above 1 year	66,642.25
Total	1,27,577.62

D. Details of top 20 borrowers with respect to concentration of advances as on December 31, 2023

Total Advances to twenty largest borrowers (₹ lakh)	1,702.74
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	1.36

E. Details of top 20 borrowers with respect to concentration of exposures as on December 31, 2023

Total Exposures to twenty largest borrowers/Customers (₹ lakh)	1,556.74
Percentage of Exposures to twenty largest borrowers/Customers to Total Advances of the NBFC on borrowers / Customers	1.24

F. Details of loans overdue and classified as non-performing in accordance with the RBI's guidelines

Movement of gross NPAs* as on December 31, 2023	Amount (₹ lakh)
(a) Opening balance April 01, 2023	6,997.89
(b) Additions during the period	3,684.44
(c) Reductions during the Period	3,693.35
(d) Closing balance	6,988.98

Movement of Net NPAs* as on December 31, 2023	Amount (₹ lakh)
(a) Opening balance April 01, 2023	3,576.95
(b) Additions during the period	465.13
(c) Reductions during the Period	585.13
(d) Closing balance	3,456.95

G. Segment-wise gross NPA as on December 31, 2023

Segment-wise break-up of gross NPAs	(%)
Retail	
Mortgages (home loans and loans against property)	-
Gold Loans	-
Vehicle Finance	96.31
MFI	-
M & SME	-
Capital market funding (loans against shares, margin funding)	-
Others	3.69
Wholesale	
Infrastructure	-
Real estate (including builder loans)	-
Promoter funding	-
Any other sector (as applicable)	-
Others	-
Total	100.00

H. Classification of borrowings as on December 31, 2023

Sr No	Type of Borrowings	Amount (₹ lakh)	(%)
1	Secured	68,286.02	58.84
2	Unsecured	47,764.43	41.16
	Total	1,16,050.45	100.00%

*Inclusive of interest.

I. Promoter Shareholding

There is no change in promoter holdings in the Company, during the last financial year, beyond 26% (as prescribed by RBI).

J. Residual maturity profile of assets and liabilities as on December 31, 2023

(₹ lakh)

As at 31.12.23	Up to 0 - 7 days	Up to 8- 14 days	Up to 15 - 31 days	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 3 years	More than 3 years to 5 years	More than 5 years	Total
Deposit	63.78	86.51	150.59	127.23	120.04	0.00	223.07	3,784.82	2,173.87	0.00	6,729.91
Advances	2,443.15	1,124.54	2,451.64	5,507.33	5,434.94	16,949.81	27,023.96	54,405.78	6,626.40	201.21	1,22,168.76
Investments	0.00	0.00	0.00	0.00	210.10	341.15	0.00	150.31	0.00	196.91	898.47
Borrowings	1,562.06	988.51	1,207.14	4,830.07	5,001.45	18,696.53	21,032.07	33,966.70	19,065.61	2,123.85	1,08,473.99
Foreign Currency Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Current Liabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

K. Our company has not provided any loans / advances to associates, entities / persons relating to the Board, senior management, Promoter except as provided in the Chapter titled “Financial Statements- Related Party Transactions”.

L. On-ward lending to borrowers of the “Group” as defined by RBI:

Name of the Borrower (A)	Amount of advances / exposures to such Borrower (Group) (₹ lakh) (B)	Percentage of exposure (C) = B/Total AUM
Nil	Nil	Nil

Issue of securities for consideration other than cash

Our Company has not issued any securities for consideration other than cash.

Dividend

Our Company has no stated dividend policy in connection with our Equity Shares. The declaration and payment of dividend on our Equity Shares is recommended by our Board of Directors and approved by our shareholders, at their discretion and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition. The dividend payable in connection with the preference shares issued by our Company are subject to the terms and conditions of the issue in connection with such preference shares.

The following table gives the dividend declared / recommended by our Company on the Preference Shares and Equity Shares for the Financial Years ended 2023, 2022 and 2021

Financial Year ended / Period Ended	Dividend per share (₹)	No. of shares on which dividend is paid	Total dividend (₹ lakh)	Amount of dividend distribution tax (₹ lakh)
Equity Shares of face value of ₹ 10 each				
March 31, 2023	0.70	6,47,05,882	452.94	Nil
March 31, 2022	0.60	6,47,05,882	388.24	Nil
March 31, 2021	0.60	6,47,05,882	388.24	Nil

9% and 8.25% Redeemable Cumulative Preference Shares of face value of ₹ 100 each (Interim Dividend)				
March 31, 2023	8.25	15,00,000	123.75	Nil
March 31, 2022	8.25	15,00,000	122.40	Nil
March 31, 2021	9 and 8.25	18,34,000	140.28	Nil

Consent of directors, auditors, bankers to issue, trustees, solicitors or advocates to the issue, legal advisors to the issue, lead managers to the issue, Registrar to the Issue, and lenders (if required, as per the terms of the agreement) and experts.

Sl No	Particulars of consent	Remarks
1	Directors	All the necessary consents as required under this section have been obtained by the Company and are in place.
2	Auditors	
3	Trustees	
4	Registrar to the Issue	
5	Bankers to issue	Not Applicable
6	Solicitors or Advocates to the issue	Not Applicable
7	Legal advisors to the issue	Not Applicable
8	Lead managers to the issue	Not Applicable
9	Lenders (if required, as per the terms of the agreement)	Not Applicable
10	Experts	Not Applicable

PENDING PROCEEDINGS AND STATUTORY DEFAULTS

Except as described below, there are no pending proceedings and statutory defaults including, suits, criminal or civil prosecutions and taxation related proceedings against our Company and its Board of Directors that may have an adverse effect on our business. As on the date of the GID, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instrument like debentures, fixed deposits and arrears on cumulative preference shares, etc., by our Company. Further, there are no defaults in meeting statutory dues, institutional dues, and towards holders of instrument like debentures, fixed deposits and arrears on cumulative preference shares, etc., by any public companies promoted by the Promoters and listed on the stock exchanges except as under:

Sakthi Sugars Limited: (Listed with BSE / NSE)

(₹ lakh)	
1. Statutory Defaults as on December 31, 2023	
Electricity Generation Tax	684.08
Interest Payable on Generation Tax	74.82
Total (1)	758.90
2. Dues to Banks / Institutions as on December 31, 2023	
Banks / Asset Reconstruction Companies	14,767.53
Sugar Development Fund * - (Principal ₹ 4,416.41 - Interest ₹ 7,349.93)	11,766.34
Total (2)	26,533.87
Total (1+2)	27,292.77

* SSL has submitted an application to the SDF Authority for the restructuring of loans availed from SDF under operational guidelines Rule 26 of SDF rules and the same has been approved by Meeting of Committee for Rehabilitation held on 11th September 2023 subject to conditions stipulated as per the minutes of the meeting. The proposed restructuring loan amount is ₹ 82 crores, and all the penal interest is to be waived (as at December 31, 2023).

In the meanwhile SDF has issued guidelines for OTS and SSL has submitted a proposal for OTS in respect of outstanding of ₹ 21.58 crores in respect of Modakurichi Unit. If the OTS proposal is sanctioned, the amount payable would be ₹ 14.50 crores as at 30th April 2024. Application in respect of Sivaganga unit is still under consideration. If the proposal of Sivaganga unit as and when sanctioned, the outstanding in respect of this unit will be reduced to ₹ 66.50 crores as against ₹ 99.50 crores as at 30th April 2024.

Except as disclosed herein below, there are no:

- a. *proceedings against the Company and the Directors for offences under the enactments specified in Paragraph 1 of Part I of Schedule V to the Companies Act, 2013;*
- b. *litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last three years immediately preceding the date of the issue of this GID and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;*
- c. *litigation involving the Company, the Promoter, Directors and our group companies or any other person, whose outcome could have material adverse effect on the position of our Company during the last three years immediately preceding the date of the issue of this GID;*
- d. *proceedings initiated against the Company for economic offences during the last three years immediately preceding the date of the issue of this GID;*
- e. *matters pertaining to default and non-payment of statutory dues during the last three years immediately preceding the date of the issue of this GID;*
- f. *inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 during the last three years immediately preceding the date of the issue of this GID;*

- g. *instances of fines imposed or compounding of offences made during the last three years immediately preceding the date of the issue of this GID; and*
- h. *matters pertaining to any material frauds committed against the Company during the last three financial years immediately preceding the date of the issue of this GID.*

I. CASES FILED AGAINST THE COMPANY

Civil Litigations

1. Mr. N. Senthil ("Hirer") (HP A/c No 477483) filed an Injunction Suit (O.S.182 of 2013) on 30th August 2013 against the company before Court of District Munsiff of Madurai Taluk (Court) alleging that the Company is attempting to take illegal custody of vehicle financed under Hire Purchase transaction. Further, the Hirer prayed to the Court to pass judgment and decree for granting permanent Injunction restraining the company and their agents, or person claiming through them in any way interfering with the Hirer in the peaceful possession and enjoyment of the vehicle except under the due process of law. In response to the aforesaid suit, on 18th September 2013, the Company has filed an application before the court to reject the Plaintiff and direct the plaintiff to work out remedies before the Arbitration Tribunal. The Court allowed the application filed by company I.A. 468 of 2013 on 18/11/16 and the Plaintiff is rejected under Order 7 Rule 11 of CPC. The Company has also initiated an arbitration proceeding (A.C. No 81 of 2013) against N. Senthil ("Hirer") and guarantor (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on 14th September 2013 in terms of Hire Purchase Agreement. The Arbitral Tribunal passed an award on 14th June 2014 (Award) directing the Hirer and Guarantor to pay Rs 7.08 lakh with additional hire charges at 18% p.a. from the date of claim statement till the date of payment and also cost of Rs 0.10 lakh, within three months from the date of the order. On account of failure of the parties to pay the award amount within stipulated time, the Company has filed EP 116 of 2020 on the file of Honourable District Judge Court, Madurai, for the attachment and sale of immovable properties and the Court ordered attachment of immovable property. The property was attached on 17/12/202. Sale paper returned - for compliance- posted to 07/06/2024 for resubmission of sale paper.
2. Mr. D.Swaminathan (HP A/c No 472657) ("Hirer") filed an Injunction Suit (O.S. 389 of 2013) on December 19, 2013 against our Company before Tirupur Taluka Court alleging that the Company is attempting to take illegal custody of the vehicle financed under hire purchase transaction. In response to the aforesaid suit, on January 2014, the Company has filed an application before the Court. Further, the Hirer prayed the Court to grant permanent injunction restraining the Company and anybody under them from forcefully and illegally taking custody of the vehicle except under due process of law to reject the plaintiff and direct the plaintiff to work out remedies before the Arbitral Tribunal. The matter is posted for further hearing on 12/07/2022. The Honourable Principal District Munsiff Tiruppur dismissed the suit OS 389 of 2013 and the Plaintiff in the Main suit is rejected. The Company has initiated an arbitration proceeding (A.C No.5 of 2014) against D. Swaminathan ("Hirer") and a guarantor (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on January 6, 2014 in terms of the hire purchase agreement. The Arbitral Tribunal passed an award on August 23, 2014, directing the Parties to pay Rs 8.46 lakh with additional hire charges of 18% p.a. from date the of claim settlement till the date of payment within three months from the date of the order. The Execution Petition was filed on the file of Principal District Judge Tiruppur.

Consumer Cases

1. HP 454041- Branch Madurai- Written off account – Hirer: Mr. M. Maharajan ("Hirer") filed a complaint (C.C. 152 of 12) before District Consumer Dispute Redressal Forum, Madurai ("Court"), on December 3, 2012, alleging that the Company has wrongfully taken custody of vehicle financed to Hirer. Further, the Hirer prayed the Court to direct the Company (i) to hand over the possession of vehicle under custody; (ii) to pay a sum of Rs 0.10 lakh per month from September 2008 to 2012; (iii) award damages of B 2 lakh for mental agony, B 0.25 lakh for deficiency in service and Rs 0.10 lakh towards cost and such other relief. The CC 152 of 2012 was transferred to Consumer Dispute Redressal Commission Dindugal and Honourable Consumer Dispute Redressal Commission Dindugal has allowed the consumer case on

29/07/2022. Company has filed First Appeal A 123 of 2022 on the file of State Consumer Redressal Commission- Circuit Bench Madurai and posted to 08/05/2024 for oral arguments. The Company has initiated an arbitration proceeding (A.C No.42 of 2012) against Hirer and a Guarantor (collectively referred to as "Parties") by referring the matter to Arbitral Tribunal, Coimbatore on May 8, 2012. The Arbitral Tribunal has passed an award dated March 23, 2013 ("Award") directing the Parties to pay the outstanding amount of Rs 3.36 lakh together with additional finance charges @ 18% p.a. from July 28, 2012 till payment and also cost of Rs 0.07 lakh, within three months from the date of the Award. On account of failure of Parties to pay the Award amount within stipulated time, the Company has filed an Execution Petition ("EP") EP 25 of 2023 on the file of Sub Court Madurai and posted to 12/07/2024 for further hearing.

2. The Company had advanced hire purchase loan to Mr. Thomas ("Hirer") and demanded outstanding amount of Rs 1.14 lakh comprising Rs 0.68 lakh as arrears instalment amount and Rs 0.46 lakh as additional hire charges. The Hirer filed a complaint (CC No 378/12) on June 26, 2012 before District Consumer Dispute Redressal Forum, Ernakulam (Forum) against Company admitting the claim of Rs 0.68 lakh only as full and final settlement against the aggregate outstanding of hire charges of Rs 1.14 lakh and deposited the admitted amount with the Forum. Further, the Hirer prayed the Forum to direct (i) the Company to receive an amount of Rs 0.68 lakh as full and final settlement amount from the Hirer and issue NoC and to return the cheque leaves collected from the Hirer as security; (ii) to produce ledger extract of hirer before the Forum and (iii) the Company to pay the amount of ₹ 0.10 lakh for deficiency in service and Rs 0.10 lakh for mental agony. The Forum, vide its interim order (I.A.No.547/2012 in CC No. 378/12) dated November 12, 2012, directed the Hirer to pay a sum of B 0.68 lakh to Company within 30 days from the date of the order; (ii) deposit Rs 0.46 lakh with the Forum within 30 days of the receipt of the order and (iii) the Company shall issue NoC within 15 days of the receipt of the evidence on the above payment and deposit. The Forum, vide its order dated May 29, 2015, allowed the complaint and directed to the Company to pay compensation of Rs 1.00 lakh with interest @ 12% p.a. (from date of filing the complaints till the date of realization) and cost of proceeding of Rs 0.10 lakh to the Hirer. Against order of Forum, the Company has preferred an appeal No 661 of 2015 at Kerala State Consumer Dispute Commission. The case is posted for further hearing on 04/01/2024. The Company has initiated an arbitration proceeding (A.C No.78 of 2012) against Hirer and two Guarantors (collectively referred to as "Parties") by referring the matter to the Arbitral Tribunal, Coimbatore on July 14, 2012. Arbitral Tribunal has passed an award dated August 31, 2013 ("Award") directing the parties to pay the outstanding amount together with subsequent hire purchase charges @ 36% p.a. from the date of claim till payment and deposit of disputed amount of AHC in Consumer Forum. In compliance of orders passed by the District Consumer Dispute Redressal Commission, the customer paid admitted amount of Rs0.68 lakhs to Sakthi Finance Limited and We have released NOC of hired vehicle. In compliance of orders of District Commission the Hirer deposited Rs0.46 lakhs with District Commission pertaining to the AHC demanded. The company will take steps to get the same after disposal of first appeal pending before the State Commission, if state commission upheld the demand of payment of additional hire charges.
3. Mr. Robinson ("Hirer") has filed a complaint (CC 1 of 2013) on January 2, 2013 before the State Consumer Disputes Redressal Commission Circuit Bench, Madurai ("State Commission") for alleging deficiency in service viz. non-furnishing of no due certificate as well as no objection certificate for cancelling hypothecation even after clearing the loan amount. Further, the Hirer prayed the Commission for passing an order more particularly directing the Company to issue no due certificate in relation to the loan disbursed in pursuance of hire purchase agreement along with no objection certificate for cancellation of hypothecation endorsement in the certificate of registration of the vehicle forthwith along with compensation to the tune of Rs. 23 lakh along with costs. The Company has filed the statement of objection before the Commission submitting that the hire purchase transaction has already been terminated and the no due certificate sent to Hirer by way of registered post. The Commission vide its order dated November 19, 2015, partially allowed the complaint and directed the Company to pay compensation of Rs 10.00 lakh and cost of proceeding of Rs 0.10 lakh to the Hirer. Against the order of State Commission, the Company has preferred an appeal before the National Commission in First Appeal 1022 of 2015 and the case is pending and posted on 08/01/2024 for further hearing. On 08/01/2024 – Honourable National Commission Heard arguments- Orders reserved. Further orders awaited from National Commission.

4. Mr. Palpandi (“Complainant”) filed a complaint (CC No. 79 of 2014) on February 28, 2014 before District Consumer Dispute Redressal Forum, Madurai (“Forum”) against the Company alleging for non-sanctioning of hire purchase advance to the Complainant. Further, the Complainant prayed to the Forum to pass an order directing the Company to (i) release the sanctioned loan amount of Rs13.00 lakh; (ii) pay damages of Rs 5 lakh towards mental agony, monetary loss and for having cost damage to the reputation of the complainant (iii) to pay the cost of the complaint. The Company has filed a counter statement on May 20, 2014 before the Forum submitting that (a) the Complainant is not a consumer as defined under the Consumer Protection Act; (b) the dispute is a commercial transaction which cannot be entertained by the Forum; (c) there is no concluded contract between the parties and (d) there is no deficiency of service in the transaction. Accordingly, the Company prayed the Forum to dismiss the aforesaid complaint with compensatory cost. The matter was transferred to Consumer Dispute Redressal Forum Theni and District Consumer Dispute Redressal forum has allowed the application . Company has preferred First Appeal A 124 of 2022 on the file of State Consumer Redressal Commission and the case is posted to 08/05/2024 for oral arguments.

II. CASES FILED BY THE COMPANY

Criminal case

The Company filed a criminal complaint on November 29, 2013 against Mr. Suresh Ram (Hirer), Mrs. Vasanthi and Mr. Arumugam before District Crime Branch, Villupuram for fabrication of records under sections 419, 420 and 468 of IPC. The FIR is registered as crime no. 05 of 2014 by the District Crime Branch, Villupuram. The Police completed their investigation and filed charge sheet before Chief Judicial Magistrate, Villupuram in C.C. 208 of 2018 – arrest warrant pending – A1 to A2 absent, sec 317 (to dispense with personal appearance of accused) petition filed and allowed , A3 not present , A4 Present , No representation – Hence warrant issued -A3 and A4 Surrendered Warrant recalled on condition- posted to 14/05/2024 for evidence of witnesses.

The Company has initiated an arbitration proceeding (A.C No.86 of 2013) against the Hirer and two guarantors (collectively referred to as Parties) by referring the matter to Arbitral Tribunal, Coimbatore on September 14, 2013. The Arbitral Tribunal has passed an award dated March 15, 2014 (Award) directing the Parties to pay the outstanding amount of Rs 11.05 lakh together with additional finance charges at 18% p.a. from the date of claim till payment and also cost of ` 0.15 lakh, within 3 months from the date of the Award. On account of failure of Parties to pay the Award amount within stipulated time, the Company has filed an Execution Petition (EP) against the Parties, on July 11, 2014, before Principal District Judge, Villupuram under order 21 of rule 22, 54, 66 & 82 of CPC. The company is taking steps to execute the same.

Civil cases

The Company is an asset finance company and Finance is provided to pre-owned commercial vehicles, purchase infrastructure construction equipment, multi-utility vehicles, cars, jeeps and other machinery. The finances provided are secured by lien on the assets financed. In event of non-payment dues, Company initiates arbitration proceedings against hirer / guarantors, who are in default in repaying the dues. As on April 30, 2024, Company has initiated 1769 arbitration proceedings for an aggregate amount of ₹ 7120.75 Lakhs for recovery of outstanding dues, which are pending at different stages. The details are as under:

Stages / present status	Number of cases	Amount (₹ lakh)
Arbitration proceedings initiated and pending	49	287.15
Arbitration awards passed but amount yet to be recovered	1257	4983.73
Execution Petition for enforcement of Award filed and pending	463	1849.86
Total	1769	7120.75

Source: Based on data from E – Register of Principal Sub Court, Coimbatore, Principal District Munsif Court, Coimbatore, Fast Track Court –II Coimbatore, Madras High Court, Madras High Court – II, DRT Coimbatore, Principal Labour Court, Chennai and NCLT Chennai.

III. LITIGATIONS INVOLVING STATUTORY DISPUTES

Service Tax Litigation

The Office of the Commissioner of Customs, Central Excise and Service Tax, Coimbatore ("CCEC"), vide its order bearing no CBE/ST/29/2015 Commr dated December 22, 2015 passed an order ("**Order**") and demanded from the Company an amount of (a) ₹ 598.53 lakh under section 73(2) of the Finance Act, 1994 ("**the Act**") towards short payment of service tax paid by the Company on "Banking and Other Financial Services" during the period from October 10, 2009 to September 30, 2014; and (b) ₹ 114.88 lakh under Rule 14 of Cenvat Credit Rules, 2004 read with Section 73 of the Act towards reversal of Cenvat Credit availed by the Company during the period from October 01, 2009 to September 30, 2014. The Order also demanded from the Company appropriate interest on aforesaid amount and imposed a penalty of ₹ 713.51 lakh. Our Company has deposited an amount of ₹ 98.63 lakh towards reversal of Cenvat Credit under protest with the service tax department. Against the order of CCEC, the Company has filed writ petition (No 10920/2016 dated March 22, 2016) before Hon'ble High Court of Madras and prayed to quash the impugned order of the CCEC. The Writ Petition is admitted by the Hon'ble High Court, Madras and stay has been granted.

At a hearing held on 09.11.2020, the Hon'ble Madras High Court has dismissed the Writ Petition, as withdrawn granting liberty to appeal before CESTAT under Section 129A of Customs Act 1962. Now, the company has filed appeal before Customs, Excise and Service Tax Appellate Tribunal Chennai under Section 86(1) of the Finance Act 1994. This appeal is now pending disposal before the CESTAT.

The Office the Principal Commissioner of GST & Central excise vide its order bearing no SL No: 08-09/2022(ST)-PR.COMMR with DIN 20220959XM000924420 dated 28/09/22 passed an order and demanded from the Company

- (a) An amount of ₹ 3,09,35,437 (Rupees three crore nine lakh thirty five thousand four hundred thirty seven only) under Section 73 (2) of the Act towards service tax short paid on "Banking and Other Financial Services" during the period from 1.10.2014 to 31.3.2016, together with appropriate interest in terms of section 75 of the Act plus penalty of ₹ 30,93,544 (Rupees thirty lakhs ninety three thousand five hundred and fifty four under Section 76 of the Act plus penalty of ₹ 10,000 (Rupees ten thousand only) under Section 77 (2) of the Act.
- (b) An amount of ₹ 2,86,29,878 (Rupees two crores , eighty six lakhs , twenty nine thousand, eight hundred and seventy eight only) under Section 73 (2) of the Act towards service tax short paid on "Banking and Other Financial Services " during the period from 1.4.2016 to 30.6.2017, together with appropriate interest in terms of section 75 of the Act plus penalty of Rs.28,62,988 /- (Rupees twenty eight lakhs sixty two thousand nine hundred eighty eight only) under Section 76 of the Act plus penalty of ₹ 10,000 (Rupees ten thousand only) under Section 77 (2) of the Act

The Company has filed an Appeal before Customs, Excise and Service Tax Appellate Tribunal, Chennai under Section 86 (1) of the Finance Act 1994. The Appeal is now pending disposal before CESTAT.

Income tax cases under Income Tax Act, 1961 (IT Act)

Assessment Year ("AY")	Forum before which matter is pending and Case/Appeal No	Facts of the case
1999-2000 1999-2000	Assessing Officer	<p>For assessing the total income of the Company for AY 1999-2000, the assessing officer had added ₹ 118.34 lakh accrued interest on NPA. The Company had filed an appeal before the Commissioner of Income Tax (Appeal) against the order of assessing officer, The Commissioner of Income Tax (Appeal) allowed appeal filed by the Company and deleted addition made by assessing officer from the total income. Against the above order of the Commissioner of Income Tax [CIT] (Appeal), the income tax department had preferred an appeal before Income Tax Appellate Tribunal, Chennai (ITAT).</p> <p>The ITAT vide its order bearing number I.T.A No 277 (Mds) / 2005 dated May 23, 2006 set aside the order of CIT (Appeal) and the matter was restored to assessing officer with direction to decide the matter <i>de novo</i>. The matter is pending with the assessing officer.</p>
2012-2013	Commissioner of Income Tax (Appeal)	Income tax appellate Tribunal has passed an order on 21/09/2017 remanding the case back to the assessing officer to verify the accounts with regard to reserves and surplus for investment with regard to the disallowance of (a) probable expenditure in relation to exempted income u/s 14A, to the extent of ₹ 29.08 lakh,. The matter is now pending with A.O. Demand with regard to the issue is ₹ 9.83 lacs.
2016-2017	Commissioner of Income tax appeals	Company has sold 600 KW Wind Mill to Aaray Land developers (P) Ltd. Sale price of the Wind Mill is ₹1.62 crores. However, Notice U/s 147 of the IT Act has been issued. Notice says that as per the information gathered by them during Search U/s 132 conducted in the premises of Ms. D. Shakila, wherein an excel sheet containing purchase details of wind mills from various vendors were found. The notings with respect to our Company reveals a purchase cost of ₹5.40 crore as against our sale price of ₹ 1.62 crores. Hence ₹3.78 crores has been treated by income tax as un-accounted income. Assessment order has been passed on 15/09/2021 including ₹ 3.78 crores by the assessing officer as unaccounted income. Against this order an appeal has been filed with Commissioner of Income Tax Appeals on 25/11/2021. Demand with regard to the above issue is ₹ 2,17,15,810. The Company has deposited ₹ 42.24 lakhs, 20% of the demand on 19.12.2022.

Interest tax cases under the Interest Tax Act 1974

Assessment Year ("AY")	Forum before which matter is pending and Case/ Appeal No	Facts of the case
1999-2000 and	High Court, Madras	For the AYs 1999-2000 and 2000-01, the assessing officer has added accrued interest on NPA amounting to ₹ 180.35 lakh and ₹ 56.09

2000-01	TC (A) No. 282 & 283 of 2007 and Review Petition No. 56 of 2013 and 57 of 2013	lakh for the respective AYS. The Company had preferred the appeals before Commissioner of Income Tax (Appeal), who allowed the appeals made by the Company holding that accrued interest on NPA is not assessable to income tax. The income tax department had preferred appeals against above order of the CIT (Appeal) before Income Tax Appellate Tribunal, Chennai ("ITAT"). The ITAT <i>vide</i> its orders bearing no. INT.T.A. Nos. 4/Mds/2006 and 5/Mds/2006 dated September 15, 2009 rejected the appeals filed by the income tax department and held that no addition could be made in the hands of assessee in respect of unrealized accrued interest when the loan was classified as NPA. The income tax department had preferred appeals against orders of ITAT before Hon'ble High Court, Chennai u/s 260A of the IT, Act. The Hon'ble High Court <i>vide</i> its judgment and decree dated February 12, 2013 in TC (A) No. 282 & 283 of 2007 set aside the orders of ITAT and matters are remanded to the assessing officer for consideration afresh. With respect to above judgment of the Hon'ble High Court, the Company has preferred review petition under Section 260(A) of the IT Act and prayed to the Hon'ble High Court to recall its judgment remanding the matter to the assessing officer afresh for consideration. The Hon'ble High Court <i>vide</i> its order disposed of the review petition and directed to place the matter before the decision of the larger bench of Hon'ble High Court, Chennai.
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IV. LITIGATION INVOLVING OUR GROUP COMPANIES

Except stated in the above para there is no litigation involving our group companies, which could have material adverse effect on the financial position, profitability and cash flows of our Company.

V. SHOW CAUSE NOTICES, IF ANY, ISSUED AGAINST THE PROMOTERS OF THE COMPANY OR DIRECTORS:

(a) Promoters

- i) In SIAC Arbitration No. 449 of 2019, Aapico High Tech Public Company Limited, a Company incorporated in Thailand and Aapico Investment Pte Limited, a Company incorporated in Singapore have invoked Personal guarantee against Dr. Manickam before the Arbitration under the Arbitration Rules of The Singapore International Arbitration Centre, in respect of Personal Guarantee issued by Dr. M. Manickam under Deed of Personal guarantee dated October 1, 2018 for loan granted by Aapico Hitech Public Company Limited and Aapico Investment Pte Limited to ABT UK under Loan Agreements dated 2017 and 2018 aggregating to a sum of USD 122.42 Million plus interest.

The Arbitration Tribunal has passed an award dated 21.12.2021 that Dr. M. Manickam is liable to pay sums as may remain outstanding under the Personal Guarantee after share charge proceeding *viz.* Proceedings pending by way of claims filed by ABT Auto Investments Limited (United Kingdom) before the High Court of England and Wales. The said proceedings were disposed off by the Court. UK Court has rejected the claim of ABT UK. AAPICO has approached the Tribunal for passing final award and the said proceedings for passing final award is pending.

- ii) Aapico also filed Original Application No. 1100 of 2019 and 1148 of 2019 before the High Court of Madras seeking interim orders against Dr. Manickam to prevent Dr. M. Manickam from alienating his personal assets and for providing security. There is an injunction Order restraining Dr. M Manickam from alienating his shareholding in companies which is currently in force. Appeals against the orders passed by the High Court have been filed by Dr. M. Manickam and the same is pending before Division Bench of Madras High Court.

All of the disputes (listed in (i) and (ii) above) have now been agreed to be settled through a Settlement Agreement dated 27.10.2023 and in terms thereof Sakthi group through its Special Purpose Vehicle ABT Transports Private Limited has agreed to purchase the 77.04% Shareholding held by SAGH in SACL by payment of USD 82 million to AAPICO. Out of the total settlement sum, USD 72 million is to be paid by 20.12.2023 and balance USD 10 million is to be paid in installments over next four years. Time for payment of the first instalment (by 20.12.2023) has been subsequently extended till 31.12.2023 in terms of amendments agreement dated 21.12.2023 and payment has not been subsequently made on 29.12.2023.

In view of the payment of the first installment all litigations between the parties are to be withdrawn and SIAC monetary award dated 21.12.2021 will alone survive for a reduced sum of USD 10 million pending payment of the second installments.

- iii) IIBA/873 of 2019 has been filed before the National Company Law Tribunal, Division Bench, Chennai under Section 7 of the Insolvency and Bankruptcy Code 2016 by Asset Reconstruction Company (India) Limited ("ARCIL") for initiation of Corporate Insolvency Resolution Process against ABT (Madras) Private Limited on the ground that ABT (Madras) Private Limited has defaulted in repaying an amount of ₹ 507,97,10,877. NCLT admitted the application and subsequently has passed an Order dated 03.09.2021 sanctioning a Resolution Plan under which ABT (Madras) Private Limited was merged with Baashyaam Infrastructure Private Limited (BIPL).

Dr. M Manickam had given Personal Guarantee for the borrowings initially from DHFL which was assigned to ARCIL. In terms of Clause 4.10 of the Resolution plan sanctioned by NCLT, this personal guarantee was assigned to Baashyaam Infrastructure Private Limited. Baashyaam Infrastructure Private Limited has not taken any steps to invoke or enforce the guarantee. The management contends that the said personal guarantee has become infructuous.

There are no other outstanding litigations towards tax liabilities or any criminal/civil prosecution for any offences (irrespective of whether they are specified under Paragraph (i) of Part I of Schedule XIII to the Companies Act 1956/ Paragraph (a) Schedule V to the Companies Act 2013 disputes, defaults, non-payment of statutory dues, proceedings initiated for economic offences or securities related or other offences against the Directors/ Promoters of the Company.

NON-COMPLIANCE UNDER FOREIGN EXCHANGE MANAGEMENT ACT 1999: NIL

NON-COMPLIANCE ON MATTERS RELATING TO CAPITAL MARKET: NIL

Company

The Company has not defaulted in payment of interest and repayment of Principal to other Companies, Financial Institutions, deposit holders etc. The Company has not defaulted in meeting statutory dues, Institutional dues and dues towards holders like debentures, fixed deposits and other arrears.

In respect of fine levied by SEBI in terms of their circular No. SEBI/ HO / CFD/ CMD/ CIR / P/2020/ 12 dated January 22, 2020 regarding late submission of Annual Report 2022 in terms of Regulation 34 of SEBI (LODR) Regulation, 2015, Company has paid a fine of ₹ 2,360 on 28th October 2022.

BSE Limited has levied fine as per SEBI Circular Nos. SEBI/HO/DDHS/SSHS/CIR/P/2020/231 dated November 13, 2020 regarding delay in furnishing prior intimation with respect to date of payment of interest to NCD holders under Regulation 50(1) of SEBI (LODR) Regulations levying a penalty of ₹ 5,900 (inclusive of GST) and for delay in submission of the notice of record date under Regulation 60(2) of SEBI (LODR) Regulations 2015 and has levied a penalty of ₹ 47,200 (inclusive of GST). In response to said claim, company has responded stating that the company had furnished the information within the stipulated time. The Company has contested the levy of penalty by submitting the requisite documents towards proof of timely compliance of the above matters on 1st October 2022 besides furnishing additional documents on 12th October 2022 to BSE Limited and requested them to drop the fines

imposed. BSE Limited in terms of their Mail dated 21st March 2023 and Mail dated 24th March 2023 respectively has informed that based on revised submission / written representation made by the company the levy of fine has been withdrawn.

BSE Limited had imposed fine of ₹ 55,460 including GST amount of ₹ 8,460 for non-compliance of Regulation 54(2) relating to details of Asset cover in terms of its Circular No. SEBI circular no. SEBI/HO/DDHS_Div2/P/CIR/2021/699 dated December 29, 2021 (SEBI SOP Circular). In this BSE has in terms of their Mail dated 24th March 2023 informed the Company that based on the revised submissions/written representation made by the company, the fine levied has been withdrawn.

Other than the above, there are no disputes / litigations towards tax liabilities or any criminal or civil prosecutions against the company for offence, economic or otherwise.

VI. LITIGATION INVOLVING OUR GROUP COMPANIES

There is no litigation involving our group companies, whose outcome could have material adverse effect on the position of the Company, except as stated as under:

(1) SAKTHI SUGARS LIMITED

(i) Litigations Against SSL

Sakthi Sugars Limited has defaulted in meeting its obligations to its creditors and the creditors have filed the following petitions in NCLT, DRT and High Courts against Sakthi Sugars Limited, which are in various stages of pendency.

- a) IFCI has made a claim of ₹ 6,806.80 lakhs against SSL before DRT, Chennai in O.A. No. 9 of 2018. The Loan was advanced by Government of India through IFCI as nodal agency. The OA is at final hearing stage. In the meanwhile, Govt of India has issued guidelines for Restructuring and prescribed specific eligibility criteria. The application of SSL for restructuring was approved at CFR meeting held on 11.9.2023 subject to certain conditions precedent to be complied with by SSL within 15 days and if SSL is not able to meet the conditions/deadline, the application was to revert back to the CFR for reconsideration. SSL has sought for extension of time to comply with the conditions and in the circumstance, the application will go back to CFR for reconsideration. If restructuring in terms of the guideline is finally sanctioned, the outstanding will be reduced to Rs. 78.89 crores as against Rs.107 crores.
- b) In IBA 873 of 2019, NCLT Chennai Bench ordered CIRP against ABT (Madras) Private Limited, on application by ARCIL as Financial Creditor. By order dated 3.9.2021 NCLT sanctioned a Resolution Plan for merger of ABT (Madras) Private Limited with Baashyaam Infrastructure Private Limited (BIPL). In terms of the Resolution Plan, personal guarantee given by Dr. M. Manickam for the Financial Debt has been assigned to BIPL. BIPL has not invoked the guarantee. Dr. M Manickam claims that the personal guarantee is extinguished.
- c) ARCIL has filed an application before DRT, Coimbatore in OA 958 of 2021 against SSL, Dr M. Manickam, Mr. M Balasubramaniam, Mr. M Srinivaasan, ABT Limited. The OA is for recovery of ₹ 776.20 crores together with interest. Proposal for OTS submitted by SSL had been sanctioned by the ARCIL for a sum of ₹ 292.80 crores (Principal amount). Out of the above, SSL has settled the loan to the extent of ₹ 168.87 crores to ARCIL and the balance amount of ₹ 123.93 crores have been assigned by ARCIL to Phoenix. SSL has to pay ₹ 123.93 crores together with interest as per agreed repayment schedule to Phoenix. Phoenix has to substitute its name in the place of ARCIL, which step is yet to be taken by Phoenix. As at 30th November 2023, SSL was required to pay Phoenix ₹ 39.78 crores with interest in instalments. Present Outstanding amount of ₹ 37.25 crores and is payable in instalments till 31st May 2025.

- d) Disputes have arisen as between AAPICO Hi tech Public Company Limited Thailand, AAPICO Investment PTE Limited, Singapore (collectively AAPICO) on the one hand and Sakthi Sugars Limited and Dr. Manickam Mahalingam on the other hand, concerning the validity of AAPICO taking over of control of Sakthi Global Auto Holdings Limited (SGAH) which holds 77.04% shareholding in Sakthi Auto Component Limited (SACL) and concerning certain debts advanced to SGAH by AAPICO and personal guarantee extended by Dr. M Manickam in this regard.(Ref para V(a) above for details).

(ii) Cases filed by SSL

- a) SSL has instituted CP/387/2020 before NCLT, Chennai Bench on mandate of lenders of SSL to remedy oppression concerning the affairs of Sakthi Auto Component Limited, wherein SSL has a shareholding of 19.81%. The said CP is pending.
- b) SSL has commenced Arbitration proceedings against Sakthi Auto Component Limited making an interest claim of ₹ 252.19 crores. The said Arbitration proceedings have been stayed by the Madras High Court vide Order dated 21.10.2019.

(2) SRI CHAMUNDESWARI SUGARS LIMITED ("SCSL")

SCSL has paid all dues to Banks and Financial Institutions from whom the financial assistance have been availed and the Accounts are standard and operating. However, there are defaults to Sugar Development Fund as detailed as below:

Particulars	Default Amount (₹ lakh)	Default Period	Current Status
Sugar Development Fund ("SDF")	Principal : 2,814.51 Interest : 2,433.84	Sep 2011 to November 2016 March 2012 to April 2024	IFCI initiated legal action in DRT. However, GOI had announced a restructuring /OTS proposal vide notification No. GSR210 dated March 24,2021 and the company will be submitting the OTS proposal as per the revised operational guidelines issued by GOI vide notification 1-2/2022 -SDF dated February 28,2024.
Government of Karnataka Interest Free Purchase Tax Loan	75.00	2010 – 2017	-

(3) ABT (Madras) Private Limited

Dr. M. Manickam had given Personal guarantee for the borrowings initially from DHFL which was assigned to ARCIL (for details Refer Para V (ii) above).

VII. FINES IMPOSED OR COMPOUNDING OF OFFENCES DONE DURING THE LAST FIVE YEARS.

RBI

The inspection of financial position as on 31st March 2022 has been conducted from August 23, 2022 to September 08, 2022 and RBI has issued its report. RBI Risk Assessment Report and the Inspection Report contained a Provision stating that the Report is issued in strict confidence for restricted information to the top management of the Company. Divulgence of this information to any authority is permissible only after written approval of RBI. Our Company has sought for specific approval to share the findings with our Lead Manager and the response from RBI is awaited.

For the year ended March 31, 2022, RBI in its report has observed certain non-compliance with the KYC norms by our Company such as categorization of our customers as low, medium and high risk categories and non compliance with periodic updation of KYC for High risk customers and has issued a show cause notice in respect of levying of penalty under Section 58G(1)(b) read with section 58(B)(5)(aa) of the Reserve Bank of India Act, 1934 (RBI Act). Our management has, during a personal hearing informed RBI about the compliance status and provided assurance to RBI that adequate measures would be put in place to ensure that there is no lapse in complying with the KYC norms as stipulated by RBI.

The Adjudication Committee of RBI, by its communication dated January 12, 2024, has passed an order stating that in view of the failure of the company to comply with the directions issued by the Bank it is decided to impose on Our Company, a monetary penalty of ₹ 6.00 Lakh (Six lakh only) for failure to categorize our customers as low, medium and high risk categories and to carry out periodic updation of KYC for high risk customers for the FY 2021-2022.

VIII. DETAILS OF ACTS OF FRAUDS COMMITTED AGAINST OUR COMPANY SINCE FISCAL YEAR 2017 TILL THE PERIOD ENDED DECEMBER 31, 2023, IF ANY, AND IF SO, THE ACTION TAKEN BY OUR COMPANY IN RESPONSE

There are no instances of fraud, which are inherent in the nature of business of the Company and there is no material fraud committed against our company since fiscal year 2017 till the period ended December 31, 2023.

IX. Brief details of 5 Material Litigations

SI No	Particulars	Litigation filed by	Current status	Amount involved
1	Alleged short payment of service tax during the period from October 10, 2009 to September 30, 2014.	<i>Appeal Filed by the Company</i>	Pending before Customs, Excise and Service Tax Appellate Tribunal Chennai	₹ 1328.29 lakhs
2	Demand of an amount of ₹ 595.65 lakhs under sec 73(2) of the Act towards the service tax short paid on Banking and Other financial Services during the period from 01/10/2014 to 30/06/2017.	Appeal Filed by the Company	appeal before Customs, Excise and Service Tax Appellate Tribunal Chennai under Section 86(1) of the Finance Act 1994	₹ 610.75 lakhs
3	Treatment of ₹ 3.78 crores as Unaccounted income	Appeal filed by the Company	Commissioner of Income tax Appeals	₹ 217.15 lakhs
4	Complaint filed for (i) release the sanctioned loan amount of ₹ 13.00 lakh; (ii) pay damages of ₹ 5 lakh towards mental agony, monetary loss and for having cost damage to the reputation of the complainant (iii) to pay the cost of the complain	Mr. Palpandi	District Consumer Disputes Redressal	₹ 18.00 lakhs
5	Appeal against the order of State Consumer Disputes Redressal Commission dated November 19, 2015, partially allowed in favour of Mr. Robinson and directing the Company to pay compensation of ₹ 10.00 lakh and cost of proceeding of ₹ 0.10 lakh to the Hirer	Mr. Robinson	National Consumer Disputes Redressal Commission	₹ 10.10 lakhs

REGULATORY DISCLOSURE

The Issue Document has been prepared in accordance with the provisions of SEBI Debt Listing Regulations and in this section, the Issuer has set out the details required as per Schedule I of the SEBI Debt Listing Regulations.

LIST OF DOCUMENTS TO BE FILED WITH STOCK EXCHANGE

The Issuer has filed/shall file the following documents with the Stock Exchange along with the listing application seeking listing of securities issued under this Issue Document:

- a. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures
- b. Copy of last 3 (three) years audited Annual Reports;
- c. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- d. Copy of the resolution of the board of directors of the Company passed at its meeting held on February 8, 2024 authorizing the borrowing and list of authorized signatories;
- e. Certified true copy of the resolution passed by the Company at the Postal Ballot held on April 5, 2014 authorizing the Company to borrow, upon such terms as the Board may think fit, upto an aggregate amount of ₹ 2,500 Crores;
- f. An undertaking from the Issuer stating that the necessary documents for the creation of the charge, where applicable, including the Debenture Trust Deed would be executed within the time frame prescribed in the relevant regulations/act/rules etc and the same would be uploaded on the website of the BSE, within 5 (five) working days of execution of the same;
- g. Any other particulars or documents that the BSE may call for as it deems fit; and
- h. An undertaking that permission / consent from the prior creditor for a second or pari passu charge being created, where applicable, in favour of the Debenture Trustee has been obtained.
- i. Copy of Consent Letter from the Debenture Trustee

LIST OF DISCLOSURES TO BE SUBMITTED TO THE DEBENTURE TRUSTEE

The Issuer has submitted/shall submit the following disclosures to the Debenture Trustee in electronic form at the time of allotment of debt securities issued under this offer document:

- a. Memorandum and Articles of Association of the Issuer and necessary resolution(s) for the allotment of the Debentures;
- b. Copy of last 3 (three) years audited Annual Reports;
- c. Statement containing particulars of, dates of, and parties to all material contracts and agreements;
- d. Latest audited / limited review half yearly consolidated (wherever available) and standalone financial information (profit & loss statement, balance sheet and cash flow statement) and auditor qualifications, if any
- e. An undertaking to the effect that the Issuer would, till the redemption of the Debentures, submit the details mentioned in point (d) above to the Debenture Trustee within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015 as amended from time to time, for furnishing / publishing its half yearly/ annual result.
- f. Further, the Issuer shall within 180 (one hundred and eighty) days from the end of the financial year, submit a copy of the latest annual report to the Debenture Trustee and the Debenture Trustee shall be obliged to share the details submitted under this clause with all 'Qualified Institutional Buyers' (QIBs) and other existing debenture-holders within 2 (two) working days of their specific request.

OTHER DISCLOSURES

- i. Details of all default/s and/or delay in payments of interest and principal of any kind of term loans, debt securities and other financial indebtedness including corporate guarantee issued by the Company, in the past 3 years including the current financial year. - NIL
- ii. Any material event/ development or change having implications on the financials/credit quality (e.g., any material regulatory proceedings against the Issuer/promoters, litigations resulting in material liabilities, corporate restructuring event etc) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the non-convertible securities. - NIL
- iii. Any litigation or legal action pending or taken by a Government Department or a statutory body during the last three years immediately preceding the year of the issue of GID against the promoter of the Company - NIL
- iv. Details of default and non-payment of statutory dues - NIL
- v. The names of the debenture trustee(s) shall be mentioned with statement to the effect that debenture trustee(s) has given its consent for appointment along with the copy of the consent letter from the debenture trustee.
- vi. Catalyst Trusteeship Limited is debenture trustee to the issue. They have given consent to act as trustee to the issue which is attached as Annexure 4
- vii. If the security is backed by a guarantee or letter of comfort or any other document / letter with similar intent, a copy of the same shall be disclosed. In case such document does not contain detailed payment structure (procedure of invocation of guarantee and receipt of payment by the investor along with timelines), the same shall be disclosed in the offer document. – NIL
- viii. Disclosure of Cash flow with date of interest/dividend/ redemption payment as per day count convention - Refer Annexure 2
- ix. Disclosures pertaining to wilful defaulter

The following disclosures shall be made if the issuer or its promoter or director is declared wilful defaulter:

- i. Name of the bank declaring as a wilful defaulter - Not Applicable
- ii. The year in which it was declared as a wilful defaulter - Not Applicable
- iii. Outstanding amount when declared as a wilful defaulter - Not Applicable
- iv. Name of the entity declared as a wilful defaulter - Not Applicable
- v. Steps taken, if any, for the removal from the list of wilful defaulters - Not Applicable
- vi. Other disclosures, as deemed fit by the issuer in order to enable investors to take informed decisions - Not Applicable
- vii. Any other disclosure as specified by the Board - Not Applicable

The fact that the issuer or any of its promoters or directors is a wilful defaulter shall be disclosed prominently on the cover page with suitable cross-referencing to the pages- Not Applicable

10 ATTESTATION OF THE DIRECTORS OF THE ISSUER

The Directors of the Issuer attest that:

- a. the Issuer is in compliance with the provisions of Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992, Companies Act and the rules and regulations made thereunder
- b. the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of non-convertible securities, is guaranteed by the Central Government
- c. the monies received under the offer shall be used only for the purposes and objects indicated in the Offer document
- d. whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association
- e. The following clause on 'General Risk' shall be incorporated in a box format:

“Investment in non-convertible securities involve a degree of risk and investors should not invest any funds in such securities unless they can afford to take the risk attached to such investments. Investors are advised to take an informed decision and to read the risk factors carefully before investing in this offering. For taking an investment decision, investors must rely on their examination of the issue including the risks involved in it. Specific attention of investors is invited to statement of risk factors contained in this Issue Document. These risks are not, and are not intended to be, a complete list of all risks and considerations relevant to the non-convertible securities or investor’s decision to purchase such securities.”

**MATERIAL DEVELOPMENT SINCE DECEMBER 31, 2023 TILL DATE OF FILING OF THIS
GID:**

1. Our Company has completed the public issue of Secured redeemable NCD 8 and raised ₹ 148.09 cr. The allotment was made on February 27, 2024.
2. Our Company has raised ₹ 964.60 lakh by way of issuance of 9% Redeemable Cumulative Preference Shares and redeemed ₹ 1,500 lakh of 8.25% RCPS.
3. Our Company has repaid, without any delay/ default, liabilities that have fallen due during the above period.
4. Our Company has announced the audited financial results for the period ended/ as at March 31, 2024 and made a disclosure to the BSE on May 25, 2024. The audited annual accounts for the Financial Year 2024 would be adopted subject to the approval by the shareholders at the Annual General Meeting to be convened for this purpose.
5. Sri. Srinivasan Anand, CFO has tendered his resignation from the position of CFO and the Board of Directors at the meeting held on May 25, 2024 have accepted his resignation *w.e.f.* close of business hours on June 30, 2024. Accordingly, he will cease to be a K.M.P.
6. The Board of Directors at the meeting held on May 25, 2024 have approved the proposal for appointment of Sri. Sundaramurthy Kumarasamy as Chief Financial Officer *w.e.f.* July 01, 2024. He will be one of the KMPs from July 01, 2024.
7. Our Company has filed the draft prospectus for the proposed public issue of Secured Redeemable NCD 9 for ₹ 150 crores on 28th May 2024 for obtaining in-principal approval.

OTHER DETAILS

(a) Creation of Debenture Redemption Reserve (DRR) / Capital Redemption Reserve (CRR) - relevant legislations and applicability

As per Rule 18 (7)(b)(A) of the Companies (Share Capital & Debentures) Rules, 2014 creation of DRR is not required for HFCs when such debentures are issued on private placement basis Housing Finance Companies registered with the National Housing Bank Pursuant to this exemption, the Company does not intend to create any reserve funds for the redemption of the Debentures.

The Company hereby agrees and undertakes that, if required under Applicable Law, it will create a DRR in accordance with the provisions of the Act (and the rules and regulations made thereunder) and the guidelines issued by the relevant Governmental Authorities. Further, if during the tenor of the Debentures, any guidelines are formulated (or modified or revised) by any Governmental Authority in respect of creation of the DRR, the Company shall abide by such guidelines and shall do all deeds, acts and things as may be required by the Debenture Trustee.

(b) Issue/instrument specific regulations - relevant details (Companies Act, Reserve Bank of India guidelines, etc.)

- a. The Companies Act, 1956 (to the extent applicable) and the Companies Act, 2013
- b. Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993
- c. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008 and Securities and Exchange
- e. Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 and Securities and Exchange Board of India
- f. (Issue and Listing of Debt Securities) (Amendment) Regulations, 2021
- g. The Securities Contracts (Regulation) Act, 1956
- h. Securities and Exchange Board of India Act, 1992
- i. The Reserve Bank of India Act, 1934
- j. Master directions – Non-Banking Finance Company – Housing Finance Company (Reserve Bank) Directions, 2021 and the rules and regulations issued thereunder, including modifications to all of the foregoing.

(c) Default in Payment - Refer Term Sheet

(d) Delay in Listing - Refer Term Sheet

(e) Delay in allotment of securities - Refer Term Sheet

(f) Issue details - Refer Term Sheet

(g) Application process – Refer Section 24 of this Issue Memorandum

(h) Disclosure prescribed under PAS-4 of Companies (Prospectus and Allotment of Securities), Rules, 2014 but not contained in this schedule, if any – Complied

(i) Project details: gestation period of the project; extent of progress made in the project; deadlines for completion of the project; the summary of the project appraisal report (if any), schedule of implementation of the project – Not applicable

SECTION – VII: ISSUE RELATED INFORMATION

TERMS OF ISSUE

Particulars	Terms and Conditions
Security Name	Rated, Secured, Redeemable, Non-Convertible Debentures of Face Value of ₹ 1,00,000 each (“NCDs”)
Issuer	Sakthi Finance Limited
Type of Instrument	Rated, Secured, Redeemable NCDs of Face Value of ₹ 1,00,000 each
Nature of Instruments	Secured
Seniority (Senior or Subordinate)	Senior
Eligible Investors	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Listing including name of the stock exchange(s) where it will be listed and time line for listing	The debentures will be listed on debt market segment of BSE Limited. To be completed by T+3 trading days. (T being Issue Closure of the issue)
Delay in Listing and Allotment of Securities	There has been no delay in the listing of any non-convertible securities issued by our Company. In case of delay in listing beyond the timelines specified above, the Company will pay penal interest of 1% p.a. over the Coupon Rate to the Debenture Holders from the Deemed Date of Allotment to the date of listing of Debentures.
Rating of Instrument	The NCDs proposed to be issued by our Company have been rated by ICRA Limited (“ ICRA ”). ICRA has, by its letter no. Ref. No. ICRA/Sakthi Finance Limited/02022024/1 dated February 02, 2024 assigned a rating of “[ICRA] BBB (Stable) ” for an amount up to ₹ 15,000 lakh for the proposed Private Placement NCDs. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
Issue Size	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Minimum Subscription	Not Applicable
Option to retain oversubscription (Amount)	Not Applicable
Objects of the Issue / Purpose for which there is requirement of funds	Working Capital Requirements / Redemption of NCDs
In case the Issuer is NBFC and the objects of the Issue entitled loan to any entity who is a ‘group company’ then disclosures shall be made in the following format	Not Applicable
Details of Utilisation of the Proceeds	As per the Object of the Issue
Coupon / Dividend Rate	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Step Up/ Step Down Coupon Rate	Not Applicable
Coupon / Dividend Payment Frequency	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Coupon / Dividend Payment Dates	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Cumulative / Non-Cumulative in case of dividend	Not Applicable

Coupon Type (Fixed / Floating or Other Structure)	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc)	Not applicable
Day Count Basis	Actual /Actual
Interest on Application Money	Not applicable
Default Interest Rate	In case of default in payment of Coupon Rate and/or principal redemption on the due dates, additional interest of @ 2% p.a. over the Coupon Rate shall be payable by the Company for the defaulting period”.
Tenor	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Redemption Date	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Redemption Amount	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Redemption Premium/ Discount	Not Applicable
Issue Price	₹ 1,00,000
Discount at which security is issued and the effective yield as a result of such discount	Not Applicable
Premium / Discount at which security is redeemed and the effective yield as the result of such premium / discount	Not Applicable
Put Date	Not Applicable
Put Price	Not Applicable
Call Date	Not Applicable
Call Price	Not Applicable
Put Notification Time	Not Applicable
Call Notification Time	Not Applicable
Face Value	₹ 1,00,000
Minimum Application and in multiples thereafter	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Issue Timing	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Issue Opening Date	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Issue Closing Date	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Date of earliest closing of the Issue, If any	Not Applicable
Pay In Dates	All monies to be paid in on the application date
Deemed Date of Allotment	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Settlement Mode of the Instrument	Electronic
Depositories	NSDL and CDSL
Disclosure of Interest / Dividend / Redemption dates	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Record Date	The record date for payment of interest in connection with the NCDs or redemption of the NCDs shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs

	<p>and the date of redemption or as prescribed by the Stock Exchange, as the case may be.</p> <p>If the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.</p> <p>In connection with NCDs where monthly interest is payable 15 (Fifteen) Days prior to the date on which interest is due and payable, or the date of redemption, or as may be prescribed by the Stock Exchanges and in connection with NCDs which are Cumulative in nature, 15 (Fifteen) Days prior to the date of redemption or as may be prescribed by the Stock Exchange.</p> <p>If the Record Date falls on a day that is not a Working Day, then the immediate succeeding Working Day will be deemed as Record Date. Please note that the NCDs shall cease to trade from the Record Date (for payment of the principal amount for such NCDs) prior to redemption of NCDs.</p>
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	Subject to the terms of the Debenture Trust Deed
Description regarding security (where applicable) including type of security (movable/immovable/tangible etc.,) type of charge (pledge/hypothecation/ mortgage etc.,) date of creation of security / likely date of creation of security, minimum security covers, revaluation, replacement of security, interest of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in the offer document / placement memorandum	<p>The principal amount of the Secured NCDs to be issued in terms of this Issue together with all interest due on the Secured NCDs in respect thereof shall be secured by way of an exclusive charge in favour of the Debenture Trustee on specific present and/or future receivables / assets of our Company, as may be decided mutually by our Company and the Debenture Trustee to the Proposed Issue, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date. The assets are not charged and there are no other creditors sharing the security that is offered for the issue of Secured NCDs on <i>pari passu</i> basis.</p> <p>In case the issuer fails to execute the Debenture Trust Deed within the period specified by SEBI, it shall be liable to pay interest of at least 2% per annum or such other rate, as specified by SEBI to the Debenture Holders, over and above the agreed Coupon Rate, till the execution of the Debenture Trust Deed.</p>
Security Cover	Our Company shall maintain a minimum 1.10 times security cover on the outstanding balance of the NCDs plus accrued interest thereon.
Replacement of Security, Interest to the Debenture holder over and above the coupon rate as specified in the trust deed and disclose in the issue document	Subject to the terms of the Debenture Trust Deed
Transaction Documents	The Disclosure Document read with any notices, corrigenda, addendum thereto, the Debenture Trust Deeds, Application Form, and other documents, as applicable, and various other documents/ agreements/ undertakings, entered or to be entered by our Company with intermediaries for the purpose of this Issue including but not limited to the Debenture Trust Deed, the Debenture Trustee Agreement, the Tripartite Agreements, the Registrar Agreement, if any.

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Conditions precedent to disbursements	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions precedent to disbursement.
Conditions subsequent to disbursements	Other than the conditions specified in the SEBI NCS Regulations, there are no conditions subsequent to disbursement.
Event of Defaults	Subject to the terms of the Debenture Trust Deed
Creation of Recovery Expenses Fund	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Conditions for breach of covenants (as specified in Debenture Trust Deed)	The Debenture Trustee may, with the consent of all the Debenture Holder(s)/ Beneficial Owner(s), at any time, waive on such terms and conditions as it shall seem expedient, any breach by the Company of any of the covenants and provisions in these presents contained without prejudice to the rights of the Debenture Trustee or the Debenture Holder(s)/ Beneficial Owner(s) in respect of any subsequent breach thereof.
Provisions related to Cross Default Clause	As provided in the Debenture Trust Deed. Cross Default The Company: defaults in any payment of any Financial Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Financial Indebtedness was created; defaults in the observance or performance of any agreement or condition relating to any Financial Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause or to permit the holder or holders of such Financial Indebtedness to cause (determined without regard to whether any notice is required) any such Financial Indebtedness to become due prior to its stated maturity, and such Financial Indebtedness of the Company is declared to be due and payable; or any Financial Indebtedness of the Company shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof
Role and Responsibilities of Trustees	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulation, 2021, Companies Act, the Listing Agreement and the Debenture Trust Deed, each as amended from time to time.
Risk Factors pertaining to the Issue	Refer "Section II - Risk Factors" in this GID
Governing Law and Jurisdiction	The governing law and jurisdiction for the purpose of the Issue shall be Indian law and the competent Courts of jurisdiction in Coimbatore, India,

Notes:

- If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and the events which lead to such change should be disclosed.
- The list of documents which have been executed in connection with the issue and subscription of debt securities shall be annexed.
- While the debt securities are secured to the extent of hundred per cent. of the amount of principal and interest or as per the terms of issue document, in favour of debenture trustee, it is the duty of the debenture trustee to monitor that the security is maintained.
- The issuer shall provide granular disclosures in their issue document, with regards to the "Object of the Issue" including the percentage of the issue proceeds earmarked for each of the "object of the issue". Further, the amount earmarked "General Corporate Purposes", shall not exceed twenty-five per cent. of the amount raised by the issuer in the proposed issue

APPLICATION PROCESS

(a) How to apply

The Issue will open on the issue opening date and close on the issue closing date (both days inclusive) as stated herein below. Potential investors who wish to invest in the Issue are requested to submit an application for the Debentures with all the accompanying documents and the application money at any time starting from the issue opening date and up to the issue closing date.

The Company shall pay interest on the application money at the rate to be set out herein. On the issue closing date, the cut-off time for submitting the application along with the accompanying documents and the application money is 2:00 pm, if application money is credited through RTGS. Applications for the Debentures must be made in the Application Form and must be completed in block letters in English by investors. The full amount of the Face Value applied for has to be paid along with the delivery of the fully completed and executed Application Form together with other applicable documents described below.

(b) Who can apply

Only eligible investors who have been addressed through a communication directly by the Company can apply. No person who has not received a direct communication from the Company may apply in this Issue. The following categories of investors, when specifically approached, are eligible to apply for this Private Placement of Debentures.

- i. Resident Indian Individuals, HUFs
- ii. Companies falling within the meaning of Section 2(20) of the Companies Act 2013 Bodies corporate and societies registered under the applicable laws in India and authorized to invest in the NCDs;
- iii. Educational institutions and associations of persons and/or bodies established pursuant to or registered under any central or state statutory enactment, which are authorized to invest in the NCDs;
- iv. Trust including public/ private charitable/ religious trusts which are authorized to invest in the NCDs;
- v. Association of Persons;
- vi. Scientific and/or industrial research organizations, which are authorized to invest in the NCDs;
- vii. Partnership firms in the name of the partners; and
- viii. Limited Liability Partnerships formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009);
- ix. Resident public financial institutions as defined in Section 2(72) of the Companies Act 2013, statutory corporations including state industrial development corporations, scheduled commercial banks, co-operative banks and regional rural banks and multilateral and bilateral development financial institutions which are authorized to invest in the NCDs;
- x. Provident funds of minimum corpus of ₹ 2,500 lakh, pension funds of minimum corpus of ₹ 2,500 lakh, superannuation funds and gratuity funds, which are authorized to invest in the NCDs;
- xi. Alternative investment funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012;
- xii. Resident venture capital funds registered with SEBI;
- xiii. Insurance companies registered with the IRDAI;
- xiv. National Investment Fund (set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India and published in the Gazette of India);
- xv. Insurance funds set up and managed by the Indian army, navy or the air force of the Union of India or by the Department of Posts, Union of India;
- xvi. Mutual funds registered with SEBI; and
- xvii. Systemically Important NBFCs registered with the RBI and having net worth of more than ₹ 50,000 lakh as per the latest audited financial statements.

Any other investor authorized to invest in these Debentures. All Investors are required to comply with the relevant regulations / guidelines applicable to them for investing in this issue of Debentures.

Who are not eligible to apply for NCDs?

The following categories of persons and entities, shall not be eligible to participate in this Issue and any Application from such persons and entities are liable to be rejected:

- a. Minors without a guardian name (A guardian may apply on behalf of a minor. However, Application by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian. ***Such Applicant shall ensure that guardian is competent to contract under Indian Contract Act, 1872;***

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- b. Foreign nationals, NRIs, *inter alia*, including any NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA;
- c. Persons resident outside India and other foreign entities;
- d. Foreign Institutional Investors;
- e. Foreign Portfolio Investors;
- f. Foreign Venture Capital Investors;
- g. Qualified Foreign Investors;
- h. Overseas Corporate Bodies; and
- i. Persons ineligible to contract under applicable statutory/regulatory requirements.

Based on the information provided by the Depositories, our Company shall have the right to accept Application Forms belonging to an account for the benefit of a minor (under guardianship). In case of such Application, the Registrar to the Issue shall verify the above on the basis of the records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded on to the electronic system of the Stock Exchange.

The concept of Overseas Corporate Bodies (meaning any company, partnership firm, society and other corporate body or overseas trust irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in this Issue.

Permanent account number

The applicants should mention the PAN allotted under Income Tax Act, 1961 and the IT Circle / Ward / District should be mentioned in the prescribed Application Form. Applications which are not in compliance with the above requirement shall be liable to be rejected.

(d) KYC (Know Your Customer)

The applicants should submit the required KYC documents as prescribed by RBI along with the Applications Forms. Applications which are not in compliance with the above requirement shall be liable to be rejected.

(e) Submission of completed application form

All applications duly completed and accompanied with necessary documents are to be submitted to the Company at its Registered Office.

(f) Procedure for applications

Applications for the Debentures must be made in the prescribed Application Form set out in **Annexure 1** hereof and must be completed in English by investors. Completed Application Forms must be submitted as mentioned above. The issue price of the Debentures applied for has to be paid along with the delivery of the fully completed and executed Application Form together with other applicable documents described below:

The application must be accompanied by copies of (i) FII Registration Certificate, (ii) Power of Attorney, if applicable, (ii) Specimen signatures of authorized signatories. The subscription amount shall be made by way of RTGS / NEFT to the account as mentioned in Clause 10 (e) (iii) above.

(g) Right to accept / reject applications

The Issuer is entitled at its sole and absolute discretion to accept or reject any application, in part or in full, without assigning any reason. Application Forms which are incomplete or which do not fulfil the terms & conditions indicated on the back of the Application Form are liable to be rejected.

(h) Compliance officer

In case of any Pre-Issue / Post-Issue related problems such as non-receipt of Letters of Allotment / refund orders etc., the Investors are requested to contact the Compliance Officer as given below:

Sri C Subramaniam
Company Secretary and Compliance Officer
No 62 Dr Nanjappa Road
Coimbatore – 641018
Tel No : 0422 4236238

Depository arrangement

The Company has appointed Link Intime India Private Limited as Registrar and Transfer Agents for the Debenture issuance. Sakthi Finance Limited will enter into depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Any communication to the Registrar and Transfer Agent shall be sent to the below mentioned address:

Link Intime India Private Limited
 C-101, 247 Park LBS Marg
 Vikhorli (West) Mumbai – 400 083

(j) Purchase / re-issue of debentures / cancellation of debentures

The company may, at any time and from time to time, purchase debentures at a discount, at par, or at a premium, in the open market or otherwise in accordance with the applicable laws. Such Debentures may, at the option of the Company, be cancelled, held or reissued at such a price and on such terms and conditions as the Company may deem fit and as permitted by law.

(k) Register of debenture holders

A Register of Debenture Holders shall be maintained in accordance with Section 88 of the Act and the Register of Debenture Holders/the Register of Beneficial Owners shall be closed within the Record Date.

(l) Conflict

In case of any inconsistency where there is a conflict between the conditions as stipulated in this Disclosure Document and the Debenture Trust Deed, the provisions of the Debenture Trust Deed shall prevail and override the provisions of this Disclosure Document. The Issuer agrees, upon request in writing from the Trustee, to issue any supplementary Placement Memorandum and ensure that this is consistent with the terms and conditions set out in the Debenture Trust Deed.

(m) Debenture cash flows

As Provided in Annexure 2

Expenses of the Issue

Lead Mangers Fees	NA
Underwriting Commission	NA
Brokerage, selling commission and upload fees	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Fees payable to the registrar to the Issue	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Fees payable to the legal advisor	NA
Advertising and Marketing expenses	NA
Fees payable to the regulators including Stock Exchange	As set out in the relevant Key Information Document for the relevant issuance of Debentures
Expenses incurred on printing and distribution of issue stationery	NA
Any other fees, commission or payments under whatever nomenclature	As set out in the relevant Key Information Document for the relevant issuance of Debentures

The above expenses is indicative are subject to change depending on the actual level of subscription to the issue and number of allottees, market conditions and other relevant factors.

TRANSACTION DOCUMENTS AND KEY TERMS

(a) Transaction Documents

The following documents shall be executed in relation to the Issue ("Transaction Documents"):

- i. Debenture Trustee Agreement, which will confirm the appointment of Catalyst Trusteeship Limited as the Debenture Trustee ("Debenture Trustee Agreement" or "DTA");
- ii. Debenture Trust Deed, which will set out the terms upon which the Debentures are being issued and shall include the representations and warranties and the covenants to be provided by the Issuer ("Debenture Trust Deed" or "DTD");
- iii. Such other documents as agreed between the Issuer and the Debenture Trustee.

(b) Representations and Warranties

The Issuer makes the representations and warranties set out in this Section to the Debenture Trustee for the benefit of the Debenture Holders as on the date of the Debenture Trust Deed, which representations shall be deemed to be repeated on each Due Date until the Final Settlement Date.

i. Status

- It is a company, duly incorporated, registered and validly existing under Applicable Law.
- It is a deposit accepting registered with the RBI.
- It has the power to own its assets and carry on its business as it is being conducted.

ii. Binding obligations

The obligations expressed to be assumed by it under the Transaction Documents are legal, valid, binding and enforceable obligations.

iii. Non-conflict with other obligations

The entry into and performance by it of and the transactions contemplated by the Transaction Documents do not and will not conflict with:

- any Applicable Law;
- its Constitutional Documents; or
- any agreement or instrument binding upon it or any of its assets.

iv. Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of, the Transaction Documents to which it is a party and the transactions contemplated by such Transaction Documents.

v. Validity and admissibility in evidence

All approvals, authorizations, consents, permits (third party, statutory or otherwise) required or desirable:

- to enable it lawfully to enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party;
- to make the Transaction Documents to which it is a party admissible in evidence in its jurisdiction of incorporation; and
- for it to carry on its business, and which are material, have been obtained or effected and are in full force and effect.

vi. No default

- No Event of Default or Potential Event of Default has occurred and is continuing or would reasonably be expected to result from the execution or performance of any Transaction Documents or the issuance of the Debentures.
- No other event or circumstance is outstanding which constitutes (or which would, with the lapse of time, the giving of notice,
- the making of any determination under the relevant document or any combination of the foregoing, constitute) a default or termination event (however described) under any other agreement or instrument which is binding on the Issuer or any of its assets or which might have a Material Adverse Effect.

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- The issuance of the Debentures would not result in any breach of Applicable Law (including without limitation, the RBI Directions).
- vii. No proceedings pending
Except as disclosed by the Issuer in the Disclosure Document, annual reports and financial statements, no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency have been started against the Issuer, which if adversely determined, may have a Material Adverse Effect.
- viii. No misleading information
All information provided by the Issuer to the Debenture Trustee/Debenture Holders for the purposes of this Issue is true and accurate in all material respects as at the date it was provided or as at the date at which it is stated (if any).
- ix. Compliance
- The Issuer has complied with Applicable Law.
 - There is no investigation or enquiry by, or order, decree, decision or judgment of any Governmental Authority issued or outstanding or to the best of the Issuer's knowledge, anticipated against the Issuer which would have a Material Adverse Effect on the Issuer.
- x. Assets
Except for the security interests and encumbrances created and recorded with the ROC and updated from time to time, the Issuer has, free from any security interest or encumbrance, the absolute legal and beneficial title to, or valid leases or licenses of, or is otherwise entitled to use (in each case, where relevant, on arm's length terms), all material assets necessary for the conduct of its business as it is being, and is proposed to be, conducted.
- xi. Financial statements
- Its latest financial statements provided to the Debenture Trustee were prepared in accordance with Ind AS consistently applied save to the extent expressly disclosed in such financial statements.
 - Its latest financial statements provided to the Debenture Trustee, give a true and fair view and represent its financial condition and operations during the financial year save to the extent expressly disclosed in such financial statements.
- xii. Solvency
- The Issuer is able to, and has not admitted its inability to, pay its debts as they mature and has not suspended making payment on any of its debts.
 - The Issuer has not been deemed by a court to be unable to pay its debts for the purposes of Applicable Law.
 - The Issuer will not become unable to pay its debts for the purposes of Applicable Law as a consequence of entering into the Debenture Trust Deed or any other Transaction Document.
 - The Issuer, whether by reason of actual or anticipated financial difficulties, has not commenced and does not intend to commence, negotiations with one or more of its creditors with a view to rescheduling its Financial Indebtedness.
 - The Issuer has not taken any corporate action nor has it taken any legal proceedings or other procedure or steps in relation to any insolvency proceedings.
 - No insolvency process has commenced under Applicable Law in respect of the Issuer.
 - No reference has been made, or enquiry or proceedings commenced, in respect of the Issuer, before the National Companies Law Tribunal or under any mechanism or prescription of the RBI in respect of resolution/restructuring of stressed assets (including without limitation, under the RBI's circular no. DBR.No.BP.BC.45/21.04.048/2018-19 dated DECEMBER 7, 2019 on "Prudential Framework for Resolution of Stressed Assets").

(c) Financial Covenants

The capital adequacy ratio shall be maintained at a minimum of the levels stipulated by the RBI at all points in time (currently 15.0%). Net NPA (PAR 90 less provisions) on a standalone basis shall not exceed 6% of the Assets under Management of the Issuer.

“PAR 90” shall mean, on the Issuer’s entire assets under management at any point of time, as the case may be, the outstanding principal value of the relevant portfolio of the Issuer that has one or more instalments of principal, interest, penalty interest, fee or any other expected payments overdue for 90 days or more, includes restructured loans but excludes loans that have been written off by the Issuer.

(d) Reporting Covenants

The Issuer shall provide or cause to be provided to the Debenture Trustee and to the Debenture Holders, in form and substance reasonably satisfactory to the Debenture Trustee, each of the items set out in this Section.

- i. As soon as available, and in any event within 90 calendar days after the end of each financial year of the Issuer
 - certified copies of the audited consolidated and non-consolidated (if any) financial statements of the Issuer for its most recently completed financial year, prepared in accordance with Indian IND-AS;
 - the Constitutional Documents of the Issuer;
 - such additional information or documents as the Debenture Trustee and/or the Debenture Holder(s) may reasonably request.
- ii. As soon as practicable, and in any event within 90 Business Days after the Issuer obtains or reasonably should have obtained actual knowledge thereof, notice of any dispute, litigation, investigation or other proceeding affecting the Issuer or its property or operations, which, if adversely determined, could result in a Material Adverse Effect.
- iii. As soon as practicable and in any event within 90 Business Days after the Issuer obtains actual knowledge thereof, notice of the occurrence of any Event of Default.
- iv. As soon as practicable, and in any event within 90 Business Days after such prepayment, notice of any Financial Indebtedness of the Issuer declared to be due and payable, or required to be prepaid other than by a regularly scheduled required repayment, prior to the stated maturity thereof.
- v. Without prejudice to any other provision of the Debenture Trust Deed
 - forthwith, and in no case later than 90 Business Days of the occurrence of a change of Control; and
 - within 90 Business Days after the Issuer obtains or reasonably should have obtained actual knowledge thereof, notice of the
 - occurrence of any event or circumstance that could reasonably be expected to result in a change of Control.
- vi. The Issuer shall provide or cause to be provided to the Debenture Trustee, in form and substance reasonably satisfactory to the Debenture Trustee, such additional documents or information as the Debenture Trustee may reasonably request from time to time.

(e) Affirmative Covenants

The Issuer shall undertake and fulfil the affirmative covenants set out in this Section.

i. Notice of winding up or other legal process

Promptly inform the Debenture Trustee if it has notice of any application for winding up or insolvency process having been made or any statutory notice of winding up or insolvency process under the provisions of the Act or any other Applicable Law (including the Insolvency and Bankruptcy Code, 2016, if applicable) or any other notice under any other statute relating to winding up or insolvency process or otherwise of any suit or other legal process intended to be filed or initiated against the Issuer.

ii. Loss or damage by uncovered risks

Promptly inform the Debenture Trustee of any material loss or significant damage which the Issuer may suffer due to any force majeure circumstances or act of God, such as earthquake, flood, tempest or typhoon, etc. against which the Issuer may not have insured its properties.

iii. Costs and expenses

Pay all costs, charges and expenses in any way incurred by the Debenture Trustee towards protection of the Debenture Holders' interests, including traveling and other allowances and such taxes, duties, costs, charges and expenses in connection with or relating to the Debentures subject to such expenses, costs or charges being approved in writing by the Issuer before they are incurred and shall not include any foreign travel costs.

iv. Payment of Rents, etc.

Punctually pay all rents, royalties, taxes, rates, levies, cesses, assessments, impositions and outgoings, governmental, municipal or otherwise imposed upon or payable by the Issuer as and when the same shall become payable.

v. Preserve corporate status

- Diligently preserve and maintain its corporate existence and status and comply with all authorisations, consents, permissions, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to its assets or any part thereof.
- The Issuer will not do or voluntarily suffer or permit to be done any act or thing whereby its right to transact its business might or could be terminated or whereby payment of the principal of or interest on the Debentures might or would be hindered or delayed.

vi. Pay stamp duty

Pay all such stamp duty (including any additional stamp duty), other duties, taxes, charges and penalties, if and when the Issuer may be required to pay according to the applicable state laws.

vii. Furnish information to trustee

- Inform, and provide, the Debenture Trustee with relevant documents and information in respect of any notice of any event of default or potential event of default (howsoever described).
- Furnish quarterly reports to the Debenture Trustee (as may be required in accordance with Applicable Law) containing the following particulars:
 - updated list of the names and addresses of the Debenture Holders;
 - details of the interest due, but unpaid and reasons thereof;
 - the number and nature of grievances received from the Debenture Holders and resolved and unresolved by the Issuer
 - along with the reasons for the same;
 - notice of any Event of Default or Potential Event of Default; and
 - any and all information required to be provided to the Debenture Holders under Applicable Law and/or the listing agreement to be entered into between the Issuer and the BSE.

viii. Redressal of Grievances

Promptly and expeditiously attend to and redress the grievances, if any, of the Debenture Holders. The Issuer further undertakes that it shall promptly comply with the suggestions and directions that may be given in this regard, from time to time, by the Debenture Trustee and shall advise the Debenture Trustee periodically of the compliance.

ix. Comply with Investor Education and Protection Fund requirements

- Comply with the provisions of the Act relating to transfer of unclaimed/unpaid amounts of interest on Debentures and redemption of Debentures to the Investor Education and Protection Fund ("IEPF"), if applicable to it.
- The Issuer hereby further agrees and undertakes that until the Final Settlement Date it shall abide by the regulations, rules or guidelines/listing requirements if any, issued from time to time by the Ministry of Corporate Affairs, RBI, SEBI or any other competent Governmental Authority.

x. Corporate Governance; Fair Practice Code

Comply with any corporate governance requirements applicable to the Issuer (as may be prescribed by the RBI, SEBI or any stock exchange) and the fair practices code prescribed by the RBI, SEBI or any stock exchange.

xi. Further assurances

- Execute and/or do, at its own expense, all such deeds, assurances, documents, instruments, acts, matters and things, in such form and otherwise as the Debenture Trustee may reasonably or by Applicable Law require or consider necessary in relation to enforcing or exercising any of the rights and authorities of the Debenture Trustee.
- Comply with:
 - all Applicable Law (including but not limited to environmental, social and taxation related laws), as applicable in respect of the Debentures and obtain such regulatory approvals as may be required from time to time;
 - the Debenture Trustees Regulations as in force from time to time, in so far as they are applicable to the Debentures and furnish to the Debenture Trustee such data, information, statements and reports as may be deemed necessary by the Debenture Trustee in order to enable them to comply with the provisions of Regulation 15 thereof in performance of their duties in accordance therewith to the extent applicable to the Debentures; and
 - the provisions of the Act in relation to the Issue.
- Procure that the Debentures are rated and continue to be rated until the Final Redemption Date.

xii. Filings; Compliance with BSE requirements

The Issuer hereby further agrees, declares and covenants with the Debenture Trustee that:

- while submitting half yearly/annual financial results in accordance with Regulation 52 of the LODR Regulations, the Issuer shall file with the BSE for dissemination, along with a noting certificate of the Debenture Trustee, containing, inter alia, the following information:
 - credit rating (and any change thereto);
 - debt to equity ratio accompanied with a certificate of a practicing-chartered accountant confirming such debt-to-equity ratio;
 - previous Due Date for the payment of interest/principal and whether the same has been paid or not; and
 - next Due Date for the payment of interest/principal;
 - debt service coverage ratio (if required);
 - interest service coverage ratio (if required);
 - outstanding redeemable preference shares (quantity and value);
 - debenture redemption reserve;
 - net worth;
 - net profit after tax;
 - earnings per share;

- in accordance with Regulation 52 of the LODR Regulations, the Issuer shall file with the BSE the prescribed statements, financial statements and noting certificate of the Debenture Trustee within the timelines prescribed therein
- in accordance with Regulation 56 of the LODR Regulations, the Issuer shall submit the following to the Debenture Trustee:
 - a copy of the annual report at the same time as it is issued and a copy of the certificate from the Issuer's auditors in respect of utilisation of funds raised by the issue of the Debentures, at the same time or at the end of each financial year until such funds have been fully utilized or the purpose for which such funds were intended has been achieved;
 - a copy of all notices, resolutions and circulars relating to any new issue of non-convertible debt securities (at the same time as they are sent to shareholders/holders of non-convertible debt securities), the meetings of holders of non-convertible debt securities (at the same time as they are sent to the holders of non-convertible debt securities or advertised in the media including those relating to proceedings of the meetings);
 - intimations regarding any revision in the rating or any default in timely payment of interest or redemption or both in respect of the non-convertible debt securities issued by the Issuer or any failure to create charge on the assets; and
 - a copy of the statement, if any filed with the BSE in compliance of Regulation 52(7) of the LODR Regulations indicating material deviations, if any, in the use of funds raised by the issue of the Debentures from the object stated in the Issue Document;
- in accordance with Regulation 58 of the LODR Regulations, the Issuer shall furnish the following to the Debenture Holders in the manner prescribed therein:
 - physical copies of full annual reports to those Debenture Holders who request the same;
 - notice of all meetings of the Debenture Holders specifically stating that the provisions for appointment of proxy in accordance with Section 105 of the Act shall be applicable for such meeting; and
 - proxy forms for the Debenture Holders clearly providing the Debenture Holders to vote for each resolution in such a manner that they may vote either for or against each resolution.

(f) Negative Covenants

The Company hereby covenants with the Debenture Trustee that the Company shall not, for so long as any amount remains outstanding under the Debentures, (except as may otherwise be previously agreed to in writing by the Debenture Trustee (acting upon the receipt of the prior written approval of the Majority Debenture Holder(s)):

- i. Change the general nature and conduct of its business from that which is permitted
- ii. Engage in or undertake any corporate restructuring, re-organisation and / or re-capitalisation of any sort including but not limited to merger, spin-offs, demerger, consolidation, reorganisation, amalgamation, reconstruction, capital reduction and liquidation, except as permitted under the Transaction Documents.
- iii. Enter into any material compromise or arrangement or settlement with any of its creditors that would prejudicially affect the interests of the Debenture Holder(s).
- iv. Make any amendments to the constitutional documents in a manner which would prejudicially affect the interests of the Debenture Holder(s).
- v. Declare or pay any dividend to its shareholders during any financial year unless (i) it has paid the amounts then due and payable on the Debentures, or has made provisions satisfactory to the Debenture Trustee for making such payments.
- vi. Wind-up, liquidate or dissolve its affairs.
- vii. Dilute/ change/ transfer the shareholding of the Company that results in Sakthi Finance Limited's shareholding falling below 51% or change in Management Control of the Company.

“Management Control” with relation to the Company shall mean –

- holding by any person directly or indirectly of more than 50% of the voting share capital of the Company and ability of that person to direct or cause direction of the management and policies of the Company, whether by operation of law or by contract or otherwise; or
- the ability of that person to appoint or cause the appointment of more than 50% of the directors on the Board of the
- Company and ability of that person to direct or cause direction of the management and policies of the Company, whether by operation of law or by contract or otherwise;
- Declare any dividend on its share capital or pay interest on loans/ quasi equity from Promoters, associate companies and/or strategic investors, if:
- if the Issuer fails to meet its obligations to pay interest and/or installments and/or other monies due to the Debenture
- Holders which shall have become due and as long as it is in such default; or
- If an Event of Default has occurred and is continuing; or
- Issuer is not in compliance of the Financial Covenants; or
- If the Restricted Payments are not permitted under Applicable Laws.

DECLARATION

It is hereby declared that:

- a. This GENERAL INFORMATION DOCUMENT contains full disclosures in accordance with the Securities and Exchange Board of India (Issue & Listing of Non-Convertible Securities) Regulations, 2021 and Form PAS 4 (Pursuant to Section 42 of Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014);
- b. the Issuer also confirms that this Issue Document does not omit disclosure of any material fact which may make the statements made therein, in light of the circumstances under which they are made misleading. The Issue Document also does not contain any false or misleading statement;
- c. the Issuer accepts no responsibility for the statement made otherwise than in this Issue Document or in any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would be doing so at his own risk;
- d. the Issuer has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;
- e. the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of the Debentures if applicable is guaranteed by the Central Government; and
- f. the monies received under the Issue shall be used only for the purposes and objects indicated in this Issue Document.

As per resolution of the Board of Directors dated 27 March 2024, Sri M Balasubramaniam, Vice Chairman and Managing Director, Sri Srinivasan Anand, Chief Financial Officer and Sri C Subramaniam, Company Secretary have been jointly (by any two) authorized to issue the General Information Document and declare that all the requirements of the Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association. It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form

For Sakthi Finance Limited

SD/-
Srinivasan Anand
Chief Financial Officer
M No.020694

SD/-
C Subramaniam
Company Secretary and Compliance Officer
M No FCS6971

Date : 30 May 2024

Place : Coimbatore

Attachments:

- I. Annexure A: Application Form
- II. Annexure B: Proposed Cash Flows
- III. Annexure C: Rating Letter
- IV. Annexure D: Debenture Trustee Consent Letter
- V. Annexure E: Extract of Board Resolution of the Company in relation to the particulars of this offer.
- VI. Annexure F: Financial Statements
- VII. Annexure G: In-principal approval letter from BSE
- VIII. Annexure H: Due Diligence - Annexure B of Debenture Trustee

ANNEXURE A: APPLICATION FORM

Attached in the Key Information Document of this Issue

ANNEXURE B: DAY COUNT CONVENTION

Option I (Non - Cumulative)

Company		Sakthi Finance Limited		
Face value (per security)		₹ 1,00,000		
Issue Opening Date/ Date of Allotment*		[●]		
Redemption Date *		[●]		
Coupon Rate for all Category		[●]% (monthly)		
Frequency of the interest payment with specified dates		1st interest on [●] 01, 2024 and subsequently on the 1st day of every month.		
Day count convention		Actual / Actual		
Cash flow	Due Date	Date of a payment	No. of days in a coupon	Amount (₹) (rounded to 2 digits)
1	([●] day), [●] 1, 2024	([●] day), [●] 1, 2024	X	Y
till the last month of interest pay out	Respective first day of the month for each month for the entire tenure of the NCD	Due date or the next working day	A	B
	Redemption	([●] day), [●], [●]		1000

Option II (Cumulative)

Company	Sakthi Finance Limited
Face value (per security)	₹ 100000
Date of Allotment (tentative)*	[●]
Redemption Date *	[●]
Coupon Rate for all Category	N.A.
Frequency of the interest payment with specified dates	N.A.
Day count convention	Actual/actual

Cash flow	Due Date	Date of payment	No. of days in Coupon	Amount (₹)
Principal / Maturity Value	[●]	[●]	N.A.	[●]

Dates will be finalized based on the structure of the Issue, opening date, closing date and tenor.

ANNEXURE C: CREDIT RATING AND RATIONALE



ICRA Limited

CONFIDENTIAL

Ref. No. ICRA/Sakthi Finance Limited/02022024/1

February 02, 2024

Mr. M. Balasubramaniam
Vice Chairman & Managing Director
Sakthi Finance Limited
62, Dr. Nanjappa Road
Coimbatore - 641 018

Dear Sir,

**Re: ICRA Credit Rating for Rs. 828.02 crore NCD Programme of Sakthi Finance Limited
(instrument details in Annexure)**

In terms of the Statement of Work dated November 17, 2023 executed between Sakthi Finance Limited and ICRA Limited (ICRA), ICRA is required to review the rating, on an annual basis, or as and when the circumstances so warrant.

Please note that the Rating Committee of ICRA, after due consideration of the latest development in your company, has reaffirmed the rating of your NCD programme at **[ICRA]BBB (pronounced as ICRA triple B)**. The Outlook on the long-term rating is **Stable**. Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as “[ICRA]BBB(Stable)”.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned.

ICRA reserves the right to review and/ or, revise the above rating at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the instruments issued by you.

Building No. 8, 2nd Floor, Tower A
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Gurugram – 122002, Haryana

Tel.: +91.124 .4545300
CIN : L749999DL1991PLC042749

Website: www.icra.in
Email: info@icraindia.com
Helpdesk: +91 9354738909

Registered Office: B-710, Statesman House, 148, Barakhamba Road, New Delhi 110001. Tel. :+91.11.23357940-41

RATING • RESEARCH • INFORMATION



You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind co-operation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

Yours sincerely,

for ICRA Limited

SRINIVASAN

RANGASWAMY

Digitally signed by
SRINIVASAN RANGASWAMY
Date: 2024.02.02 16:37:22
+05'30'

(R Srinivasan)

Vice President

Email: r.srinivasan@icraindia.com



Annexure

LIST OF ALL INSTRUMENTS RATED (WITH AMOUNT OUTSTANDING)

Rated Instrument	Rated Amount (In Crores)	Amount Outstanding (In Crores)	Rating Action
NCD (Public issue)			
INE302E07300	18.94	18.94	[ICRA]BBB(Stable); reaffirmed
INE302E07318	2.49	2.49	
INE302E07326	11.29	11.29	
INE302E07359	16.63	16.63	
INE302E07367	15.95	15.95	
INE302E07375	35.66	35.66	
INE302E07383	21.07	21.07	
INE302E07409	8.26	8.26	
INE302E07425	4.12	4.12	
INE302E07441	2.28	2.28	
INE302E07466	43.75	43.75	
INE302E07417	12.35	12.35	
INE302E07433	6.81	6.81	
INE302E07458	1.26	1.26	
INE302E07474	21.17	21.17	
INE302E08027	20.85	20.85	
INE302E08035	1.07	1.07	
INE302E08043	21.84	21.84	
INE302E08050	7.39	7.39	
INE302E08068	0.67	0.67	
INE302E08076	7.98	7.98	
INE302E08084	30.89	30.89	
INE302E08092	16.71	16.71	
INE302E07573	13.49	13.49	
INE302E07508	19.53	19.53	
INE302E07540	6.56	6.56	
INE302E07516	15.40	15.40	
INE302E07557	2.10	2.10	
INE302E07490	2.51	2.51	
INE302E07565	50.75	50.75	
INE302E07524	16.16	16.16	
INE302E07532	20.36	20.36	
Unutilised	201.73	201.73	
Total	678.02	678.02	
NCD (Private issue)			
Unutilised	150.00	150.00	[ICRA]BBB(Stable); reaffirmed
Total	150.00	150.00	
Grand Total	828.02	828.02	

February 05, 2024

Sakthi Finance Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debentures (NCDs) – Public issue	828.02	678.02	[ICRA]BBB (Stable); reaffirmed
Non-convertible debentures (NCDs) – Private issue		150.00	[ICRA]BBB (Stable); reaffirmed
Fixed deposits	-	-	[ICRA]BBB (Stable); reaffirmed
Fund based – Term loans	114.76	114.76	[ICRA]BBB (Stable); reaffirmed
Fund-based long-term facilities from banks	100.00	100.00	[ICRA]BBB (Stable); reaffirmed
Fund based – Interchangeable [#]	(47.88)	(47.88)	[ICRA]BBB (Stable)/[ICRA]A2; reaffirmed
Fund-based short-term facilities from banks	100.00	100.00	[ICRA]A2; reaffirmed
Total	1,142.78	1,142.78	

*Instrument details are provided in Annexure I; [#]Sub-limit of fund-based long-term facilities from banks

Rationale

The ratings reaffirmation takes into consideration Sakthi Finance Limited's (SFL) track record in the retail financing business and its established franchise, which has evolved over the last six decades of operations. The ratings also factor in the company's demonstrated ability to raise market borrowings via non-convertible debentures (NCDs), which are retail in nature, through public placement over the years. The ratings are, however, constrained by SFL's geographically concentrated operations, the highly competitive business environment, and its subdued profitability indicators. The ratings also take into consideration the company's moderate asset quality profile, with its gross stage 3 assets (GS3) standing at 5.7% (provisional) as of September 2023.

SFL's capitalisation profile is adequate for its medium-term growth plans; its gearing stood at 6.0 times as of September 2023 (provisional; 5.9 times as of March 2023). ICRA notes that SFL is planning to raise Rs. 200.00 crore through the public issuance of debentures in February 2024, which is expected to support its liquidity position in the near term. Going forward, it would be crucial for the company to diversify its funding profile to support portfolio growth while maintaining an adequate liquidity profile.

ICRA notes that SFL had stopped taking fresh deposits since H2 FY2021 while the renewal of existing deposits was discontinued from April 2021, following the Reserve Bank of India's (RBI) observations on the sub-debt raised by the company via private placements till FY2020¹. Accordingly, the deposits outstanding were run down over the last two years and the same, along with the non-compliant sub-debt, stood at ~Rs. 262 crore as of September 2023, which is estimated to be within the permissible deposit cap of 1.5 times of the net owned funds (NOF). From September 2023, SFL started accepting fresh deposits again and it also commenced the renewal of existing deposits. The company will mobilise incremental public deposits as and when these sub-debts come up for maturity over the next few years. However, it would be required to augment its statutory liquid assets for the non-compliant sub-debt, in case of any adverse observation by the RBI regarding the same.

¹ The sub-debt raised by the company until FY2020, via a private placement to retail/high-net-worth individual (HNI) investors (Rs. 234 crore outstanding as of December 2023), was not in adherence to the RBI's guidelines on raising money via private placement by a non-banking financial company (NBFC)

Key rating drivers and their description

Credit strengths

Established franchise and track record in regional market – SFL has a track record of more than six decades in the vehicle finance segment, with operations across Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. It has a good understanding of the target segments, mainly the used commercial vehicle (CV) segment, and has established customer relationships. The company has leveraged the franchise by raising market borrowings via NCDs, which are retail in nature, through public placement over the years. SFL has demonstrated its ability to do the same by raising Rs. 666 crore over the last five and half years (FY2019-H1 FY2024), with each issuance having a sizeable number of retail investors and an average investment size of about Rs. 5 lakh.

ICRA notes that the Sakthi Group's presence in related businesses, like automotive dealerships, has aided effective origination, prudent appraisal, and good market responsiveness, monitoring and collections. The company has a branch-centric operating model with an in-house origination team, which is responsible for collections, while the credit sanctions are centralised. SFL conducts credit bureau checks to screen its customers, followed by a field investigation and an income assessment and viability analysis as a part of its loan origination process. It has implemented a workflow management system in most of its branches, which enables the management to monitor sourcing and collection activities on a real-time basis.

Adequate capitalisation, considering medium-term growth plans – SFL has an adequate capitalisation profile with a gearing² of 6.0 times as of September 2023 (5.9 times as of March 2023 and 6.1 times as of March 2022). ICRA notes that the company's modest near-term portfolio growth expectations would keep its capital structure under control. SFL envisages to reduce its gearing below 6.0 times over the medium term, supported by the raising of capital (including via disposal of non-core assets). This would help the company improve its portfolio growth further over the medium to long term. SFL's total capital adequacy stood at 17.3% (provisional; Tier I at 13.4%) as of September 2023.

Credit challenges

Regionally concentrated operations – SFL has a regionally concentrated portfolio with Tamil Nadu and Kerala accounting for 95% of the total portfolio as of September 2023. ICRA expects the portfolio share to remain concentrated, given the company's limited branch expansion plans for the medium term.

SFL's portfolio increased at a compound annual growth rate (CAGR) of about 6% during FY2020-FY2023. The portfolio grew by a moderate 4% in FY2023 and further by 8% (annualised) to Rs. 1,230 crore in H1 FY2024. This was supported by improved disbursements, which stood at Rs. 822 crore in FY2023 vis-à-vis Rs. 597 crore in FY2022 (Rs. 347 crore in H1 FY2024).

Subdued profitability indicators, notwithstanding improvement in FY2023 and H1 FY2024 – SFL's profit after tax (PAT), as a proportion of total assets, has been subdued in the past (average of 0.9% in FY2018-FY2022). It witnessed a modest improvement over the last two years to 1.0% in FY2023 and 1.1% in H1 FY2024, supported by higher interest margins and credit costs. The net interest margin (NIM) improved to 6.4% in H1 FY2024 and 6.3% in FY2023 from 5.6% in FY2022 (5.1% in FY2021) due to increasing yields and the stable cost of funds, notwithstanding the increase in systemic rates. Further, credit costs moderated to 0.5% in H1 FY2024 (0.7% in FY2023) from 0.8% in FY2022, as the impact of the Covid-19 pandemic has largely been absorbed. However, the operating costs increased to 4.6% in H1 FY2024 (4.4% in FY2023) from 4.1% in FY2022 (4.0% in FY2021) due to the modest portfolio growth. Going forward, the company's ability to increase its operating efficiency and keep the credit costs under control would be critical for improving its profitability.

Moderate asset quality – SFL's GS3 increased to 5.7% in September 2023 and 5.8% in March 2023 from 5.2% in March 2022 as it has aligned the GS3 reporting with the updated IRAC³ norms, which require the daily stamping of accounts. Consequently,

² Net worth (Ind-AS) adjusted for revaluation reserve

³ RBI circular dated November 12, 2021 regarding prudential norms on Income Recognition, Asset Classification and Provisioning

the provision coverage on the GS3 assets declined to 49.6% as of September 2023 and 51.0% as of March 2023 from 60.4% in March 2022. The softer bucket overdues (30+ days past due; dpd) stood at 13.3% in September 2023 and 17.7% in March 2023 vis-à-vis 12.9% in March 2022 (14.1% in March 2021). Nevertheless, ICRA notes that SFL has been able to keep its credit costs (0.5% in H1 FY2024, 0.7% in FY2023 and 0.4-0.8% during FY2018-FY2022) under control, demonstrating its ability to make recoveries from harder bucket delinquencies as well. ICRA also notes that it would be critical for the company to keep recoveries in line with the past, so as to maintain the asset quality and ensure that the credit costs are under control.

Diversification of funding mix critical for long-term growth plans – As of September 2023, loans from banks and financial institutions, deposits, NCDs (public issue), NCDs (private placement), preference shares, and sub-debt accounted for 15%, 2%, 44%, 11%, 1% and 26%, respectively, of the total debt. The increase in the share of public NCDs in the recent past has led to chunky outflows on maturity, which the company has been managing through the incremental fresh public issuance of NCDs. SFL is currently in the process of raising Rs. 200.00 crore through the public issuance of debentures in February 2024, which is expected to support its NCD redemptions in the coming months and help it maintain an adequate liquidity profile. The company's track record of raising money via public issuances provides comfort.

Over the last few years, SFL's financial flexibility was constrained by the continued weakness in the performance of Group entities; however, with the recent resolution of some of the Group-related issues, the same is expected to improve, going forward. ICRA notes that SFL has been significantly dependent on market borrowings in the recent past, especially via the public issuance of debentures.

ICRA notes that the company would be required to augment its statutory liquid assets for the non-compliant sub-debt, in case of any adverse observation by the RBI. As such, SFL's ability to diversify its lender base to achieve its long-term growth plans and to maintain adequate liquidity will be a key monitorable.

Environmental and social risks

Given the service-oriented business of SFL, its direct exposure to environmental risks/material physical climate risks is not significant. However, the residual value of the security could reduce in case of policy changes such as an incremental rulings on the reduction in the operating life of CVs, thereby impacting the profitability. Further, there is increasing interest from policymakers towards identifying the exposure of financing companies to carbon emissions through their financing activities. However, this process is in an early stage and ICRA expects any adverse implications to manifest only over a longer time horizon, giving financing companies adequate time to adapt and minimise the credit implications.

With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and invite regulatory censure. The company has not faced any lapse over the years, which highlights its sensitivity to such risks.

Liquidity position: Adequate

SFL had unencumbered cash and liquid investments of Rs. 30.4 crore and undrawn bank lines of Rs. 39.2 crore as on November 30, 2023 with a debt obligation of Rs. 133.1 crore (including sub-debt payments of Rs. 79.0 crore) during December 2023-February 2024. Monthly collections have been stable and remained healthy at ~Rs. 60-65 crore, which will support the liquidity profile. The asset-liability maturity (ALM) profile, as on November 30, 2023, does not reflect cumulative negative mismatches up to 12 months. The proposed public issuance of NCDs in February 2024 is expected to improve its liquidity position further.

Rating sensitivities

Positive factors – A steady improvement in SFL's funding, asset quality and earnings profile shall positively impact the ratings.

Negative factors – Pressure on the ratings could arise on a deterioration in SFL's liquidity profile or an increase in the gearing beyond 7.0 times on a sustained basis or a significant weakening in the asset quality, which could adversely impact its earnings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of SFL

About the company

Sakthi Finance Limited (SFL), incorporated in 1955, is a part of the Sakthi Group, which has a presence in sectors such as sugar, beverages, automobile and transport dealerships, auto components and textiles. It primarily finances CVs, which constituted 90% of its total portfolio as of September 2023. The remaining portfolio consisted of loans towards the purchase of cars, construction equipment and other machinery. SFL mainly operates in Tamil Nadu and Kerala, which together accounted for about 95% of the total portfolio.

In FY2023, SFL reported a net profit of Rs. 12.5 crore on a managed asset base of Rs. 1,275.9 crore compared to Rs. 9.5 crore and Rs. 1,244.3 crore, respectively, in FY2022. As per the provisional financials for H1 FY2024, the company reported a net profit of Rs. 7.2 crore on a managed asset base of Rs. 1,322.6 crore.

Key financial indicators (audited)

Sakthi Finance Limited	FY2022	FY2023	H1 FY2024
	Ind-AS	Ind-AS	Ind-AS
Total income	181.0	191.5	99.0
Profit after tax	9.5	12.5	7.2
Total managed assets	1,244.3	1,275.9	1,322.6
Return on managed assets	0.8%	1.0%	1.1%
Gearing (times)*	6.1	5.9	6.0
Gross stage 3	5.2%	5.8%	5.7%
CRAR**	21.7%	19.7%	17.3%

Source: Company, ICRA Research; *Adjusted for revaluation reserve; **Not considering sub-debt (private placement) as Tier II capital; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current Rating (FY2024)		Chronology of Rating History for the Past 3 Years								
		Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022		Date & Rating in FY2021		
				Feb 05, 2024	Jan 12, 2024	Mar 20, 2023	May 31, 2022	Mar 22, 2022	Apr 26, 2021	Aug 04, 2020	Apr 13, 2020	
1 NCDs (public issue)	Long term	678.02	678.02	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
2 NCDs (private issue)	Long term	150.00	150.00	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
3 Fixed deposit	Long term	-	-	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA-&
4 Term loans	Long term	114.76	114.76	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
5 Long-term bank facilities	Long term	100.00	100.00	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB&
6 Fund-based interchangeable [^]	Long term/ Short term	(47.88)	(47.88)	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB (Stable)/ [ICRA]A2	[ICRA]BBB&/ [ICRA]A2&
7 Short-term bank facilities	Short term	100.00	100.00	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2	[ICRA]A2&

& Rating on watch with developing implications; [^] Sub-limit of fund-based long-term facilities from banks

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long-term fund based – Cash credit	Simple
Short-term fund based – Working capital demand loan	Simple
Fund based – Interchangeable [^]	Simple
Long-term fund based – Term loans	Simple
Fixed deposit programme	Very Simple
NCD	Very Simple

[^] Sub-limit of fund-based long-term facilities from banks

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE302E07300	NCD (public issue)	May-08-2020	10.00%	Jun-08-2024	18.94	[ICRA]BBB (Stable)
INE302E07318	NCD (public issue)	May-08-2020	10.00%	Jun-08-2024	2.49	[ICRA]BBB (Stable)
INE302E07326	NCD (public issue)	May-08-2020	12.17%	Jun-08-2024	11.29	[ICRA]BBB (Stable)
INE302E07359	NCD (public issue)	Jul-29-2021	9.75%	Oct-29-2024	16.63	[ICRA]BBB (Stable)
INE302E07367	NCD (public issue)	Jul-29-2021	11.32%	Oct-29-2024	15.95	[ICRA]BBB (Stable)
INE302E07375	NCD (public issue)	Jul-29-2021	10.00%	Aug-29-2025	35.66	[ICRA]BBB (Stable)
INE302E07383	NCD (public issue)	Jul-29-2021	12.17%	Aug-29-2025	21.07	[ICRA]BBB (Stable)
INE302E07409	NCD (public issue)	Apr-29-2022	8.50%	Apr-29-2024	8.26	[ICRA]BBB (Stable)
INE302E07425	NCD (public issue)	Apr-29-2022	8.75%	Apr-29-2025	4.12	[ICRA]BBB (Stable)
INE302E07441	NCD (public issue)	Apr-29-2022	9.00%	Apr-29-2026	2.28	[ICRA]BBB (Stable)
INE302E07466	NCD (public issue)	Apr-29-2022	10.00%	Apr-29-2027	43.75	[ICRA]BBB (Stable)
INE302E07417	NCD (public issue)	Apr-29-2022	9.16%	Apr-29-2024	12.35	[ICRA]BBB (Stable)
INE302E07433	NCD (public issue)	Apr-29-2022	9.88%	Apr-29-2025	6.81	[ICRA]BBB (Stable)
INE302E07458	NCD (public issue)	Apr-29-2022	10.69%	Apr-29-2026	1.26	[ICRA]BBB (Stable)
INE302E07474	NCD (public issue)	Apr-29-2022	12.77%	Apr-29-2027	21.17	[ICRA]BBB (Stable)
INE302E08027	NCD (public issue)	May-15-2019	10.25%	Jun-15-2024	20.85	[ICRA]BBB (Stable)
INE302E08035	NCD (public issue)	May-15-2019	10.25%	Jun-15-2024	1.07	[ICRA]BBB (Stable)
INE302E08043	NCD (public issue)	May-15-2019	13.24%	Jun-15-2024	21.84	[ICRA]BBB (Stable)
INE302E08050	NCD (public issue)	May-08-2020	10.25%	Jul-08-2025	7.39	[ICRA]BBB (Stable)
INE302E08068	NCD (public issue)	May-08-2020	10.25%	Jul-08-2025	0.67	[ICRA]BBB (Stable)
INE302E08076	NCD (public issue)	May-08-2020	13.30%	Jul-08-2025	7.98	[ICRA]BBB (Stable)
INE302E08084	NCD (public issue)	Jul-29-2021	10.50%	Aug-29-2026	30.89	[ICRA]BBB (Stable)
INE302E08092	NCD (public issue)	Jul-29-2021	13.64%	Aug-29-2026	16.71	[ICRA]BBB (Stable)
INE302E07573	NCD (public issue)	May-08-2023	9.00%	May-08-2025	13.49	[ICRA]BBB (Stable)
INE302E07508	NCD (public issue)	May-08-2023	9.74%	May-08-2025	19.53	[ICRA]BBB (Stable)
INE302E07540	NCD (public issue)	May-08-2023	9.25%	May-08-2026	6.56	[ICRA]BBB (Stable)
INE302E07516	NCD (public issue)	May-08-2023	10.52%	May-08-2026	15.4	[ICRA]BBB (Stable)
INE302E07557	NCD (public issue)	May-08-2023	9.50%	May-08-2027	2.1	[ICRA]BBB (Stable)
INE302E07490	NCD (public issue)	May-08-2023	11.40%	May-08-2027	2.51	[ICRA]BBB (Stable)
INE302E07565	NCD (public issue)	May-08-2023	10.25%	May-08-2028	50.75	[ICRA]BBB (Stable)
INE302E07524	NCD (public issue)	May-08-2023	13.17%	May-08-2028	16.16	[ICRA]BBB (Stable)
INE302E07532	NCD (public issue)	May-08-2023	14.30%	May-08-2030	20.36	[ICRA]BBB (Stable)
Unutilised	NCD (public issue)	NA	NA	NA	201.73	[ICRA]BBB (Stable)
Unutilised	NCD (private issue)	NA	NA	NA	150.00	[ICRA]BBB (Stable)
NA	Fixed deposits	NA	NA	NA	-	[ICRA]BBB (Stable)
NA	Term loans	Sep-2023 to Dec-2023	NA	Mar-2024 to Apr-2028	114.76	[ICRA]BBB (Stable)
NA	Cash credit	NA	NA	NA	100.00	[ICRA]BBB (Stable)
NA	Fund-based interchangeable [^]	NA	NA	NA	(47.88) [^]	[ICRA]BBB (Stable) / [ICRA]A2
NA	Working capital demand loan	NA	NA	NA	100.00	[ICRA]A2

Source: Company; [^] Sub-limit of fund-based long-term facilities from banks

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



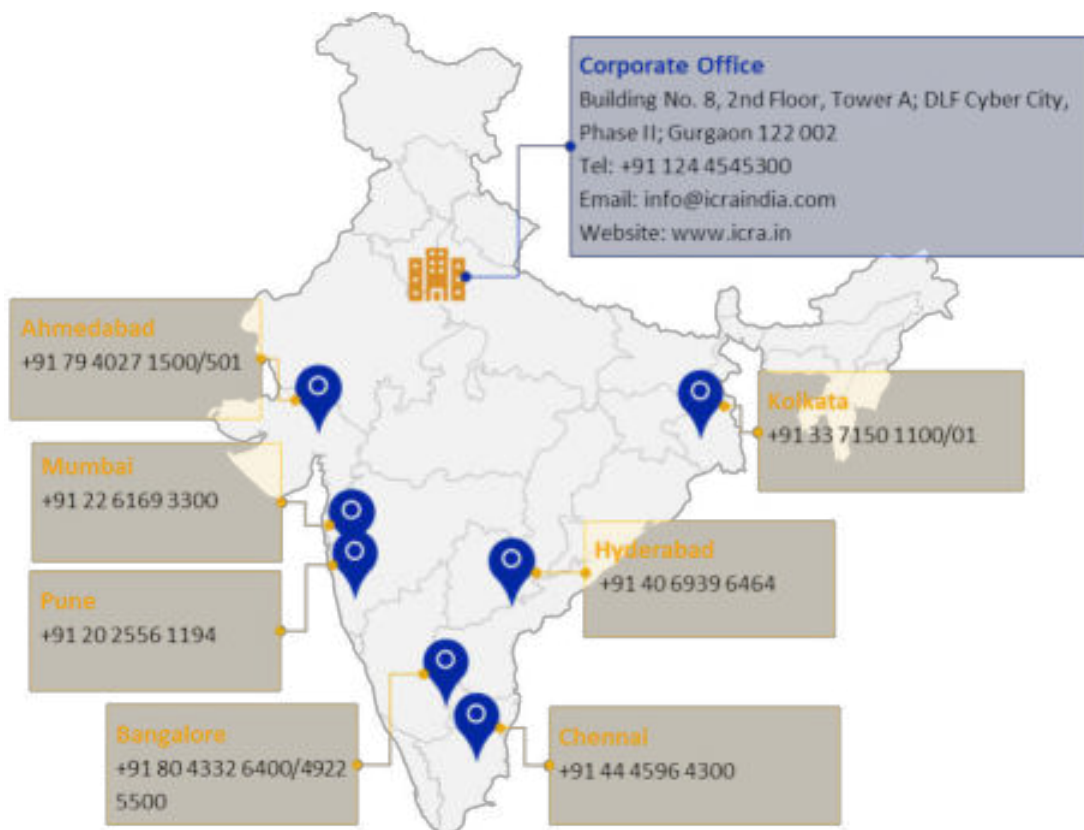
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Branches



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ANNEXURE D: DEBENTURE TRUSTEE CONSENT LETTER

CL/DEB/24-25/140

Date : 03-May-2024

To,
Subramaniam ,
Sakthi Finance Limited,
62 old no 90, Sakthi, Dr.Nanjappa road,,
Gandhipuram, Coimbatore,,
Coimbatore,
Tamil Nadu,
India 641018.

Dear Sir/ Madam,

Re: Consent to act as a Debenture Trustee for Private Placement of Fully Paid, Rated, Listed, Redeemable, Transferable, Secured, Non-Convertible Debentures of ₹ 100.00 Crores

We refer to your letter dated 03.05.2024 , requesting us to convey our consent to act as the Debenture Trustee for captioned issue of Debentures.

We hereby convey our acceptance to act as Debenture Trustees for the said issue Debentures, subject to execution of Debenture Trustee Agreement as per Regulation 13 of SEBI (Debenture Trustee) Regulations, 1993, thereby agreeing to execute Debenture Trust Deed and to create the security if applicable within the timeline as per relevant Laws / Regulations and in the Offer Document / Information Memorandum / Disclosure Document / Placement Memorandum and company agreeing / undertaking to comply with the provisions of SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021, SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, Companies Act, 2013 and Rules thereunder and other applicable laws as amended from time to time.

Fee Structure for the proposed transaction will be as per annexure A.

Assuring you of the best professional services.

Thanking you.

Yours faithfully,



Name : Vihang Chavan

Designation : Assistant Manager



**ANNEXURE E: EXTRACT OF SHAREHOLDER / BOARD / COMMITTEE RESOLUTION OF
THE ISSUE**



Sakthi Finance

Since 1991

CERTIFIED TRUE COPY OF THE MINUTES OF THE DEEMED MEETING OF THE COMPANY HELD ON SATURDAY, 5TH APRIL 2014 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 62, DR NANJAPPA ROAD, COIMBATORE - 641 018 RELATING TO DECLARATION OF THE RESULTS ON THE VOTING BY POSTAL BALLOT CONDUCTED PURSUANT TO SECTION 192A OF THE COMPANIES ACT 1956 ON THE SPECIAL RESOLUTIONS SET OUT IN THE NOTICE DATED 8TH FEBRUARY 2014 UNDER SECTION 192A(2) OF THE COMPANIES ACT 1956

Special Resolution 1: Increasing the borrowing powers of the Company under Section 180(1)(c) of the Companies Act 2013

RESOLVED THAT in supersession of the resolution passed at the 52nd Annual General Meeting of the Company held on 11th September 2009 and pursuant to Section 180(1)(c) and 180(e) of the Companies Act, 2013, and all other applicable provisions, if any, of the Companies Act 2013, and Companies Act 1956 (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "**the Board**", which term shall include a Committee authorised for this purpose) of the Company, to borrow, from time to time, any sum or sums of money, as may in the opinion of the Board of Directors be required to be borrowed by the Company, notwithstanding that the monies borrowed and / or to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained and / or to be obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the Paid up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, provided that the total monies borrowed by the Company and outstanding at any point of time for the principal amounts of the loans borrowed (apart from temporary loans obtained and / or to be obtained from the Company's Bankers in the ordinary course of business) shall not exceed the sum of ₹ 2,500 crores (Rupees two thousand five hundred crores only) over and above the aggregate of the Paid up Capital of the Company and its Free Reserves.

RESOLVED FURTHER THAT the Board be and is hereby authorised to decide all terms and conditions, in relation to such borrowing, in their absolute discretion and to do all such acts, deeds and things and execute all such documents, instruments and writings on behalf of the Company as may be required to give effect to the above resolution.



Signature of Director
Sakthi Finance Limited, Coimbatore
Registered Office: 62, Dr. Nanjappa Road, Coimbatore - 641 018



Sakthi Finance

Since 1995

CERTIFIED TRUE COPY OF THE MINUTES OF THE DEEMED MEETING OF THE COMPANY HELD ON SATURDAY, 5TH APRIL, 2014 AT 11.00 A.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 62, DE. NANJAPPA ROAD, COIMBATORE - 641 018 RELATING TO DECLARATION OF THE RESULTS ON THE VOTING BY POSTAL BALLOT CONDUCTED PURSUANT TO SECTION 152A OF THE COMPANIES ACT 1956 ON THE SPECIAL RESOLUTIONS SET OUT IN THIS NOTICE DATED 8TH FEBRUARY 2014 UNDER SECTION 152A(2) OF THE COMPANIES ACT 1956

Special Resolution 2: Creation of charge / mortgage on the properties of the Company under Section 180(1)(a) of the Companies Act 2013

RESOLVED THAT in supersession of the resolution passed at the 52nd Annual General Meeting of the Company held on 13th September, 2009 and pursuant to Section 180(1)(a) of the Companies Act 2013 and other applicable provisions, if any, of the Companies Act 2013 and Companies Act 1956 (including any statutory modification or re-enactment thereof), consent of the Company be and is hereby accorded to the creation by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include a Committee authorized for this purpose) of such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecation by the Company as may be necessary on such of the assets of the Company, both present and future, in such manner as the Board may direct, together with the power to take over the management of the Company in certain events, to or in favour of the financial institutions, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate (hereinafter referred to as the 'Lending Agencies') / Trustees for the holders of debentures / bonds and / or other instruments which may be issued on private placement basis or otherwise, to secure rupee term loans / foreign currency loans, debentures, bonds and other instruments of an equivalent aggregate value not exceeding ₹ 2,500 crores (Rupees Two Thousand Five Hundred Crores only) together with interest thereon at the agreed rates, further interest, liquidated damages, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company to the Trustees under the Trust Deed and to the Lending Agencies under their respective Agreements / Loan Agreements / Debenture Trust Deeds to be entered into by the Company in respect of the said borrowings.



For Sakthi Finance

(Signature of the authorized person)

(Name of the authorized person)



Sakthi Finance

Since 1955

-2-

RESOLVED FURTHER THAT the Board be and is hereby authorised to liaise with the Lending Agencies / Trustees the documents for creating the aforesaid charges, mortgages and hypothecations and to accept any modifications or to modify, alter or vary, the terms and conditions of the aforesaid documents and to do all such acts and things and to execute all such documents as may be necessary to give effect to the above Resolution.

For Sakthi Finance Limited

C. S. Ramaniam
Company Secretary
POB 6971

Sakthi Finance Limited

55, The Esplanade Road, Chennai - 600 012, India

Telephone: 24600000, 24600001, 24600002, 24600003, 24600004, 24600005, 24600006, 24600007, 24600008, 24600009, 24600010, 24600011, 24600012, 24600013, 24600014, 24600015, 24600016, 24600017, 24600018, 24600019, 24600020, 24600021, 24600022, 24600023, 24600024, 24600025, 24600026, 24600027, 24600028, 24600029, 24600030, 24600031, 24600032, 24600033, 24600034, 24600035, 24600036, 24600037, 24600038, 24600039, 24600040, 24600041, 24600042, 24600043, 24600044, 24600045, 24600046, 24600047, 24600048, 24600049, 24600050, 24600051, 24600052, 24600053, 24600054, 24600055, 24600056, 24600057, 24600058, 24600059, 24600060, 24600061, 24600062, 24600063, 24600064, 24600065, 24600066, 24600067, 24600068, 24600069, 24600070, 24600071, 24600072, 24600073, 24600074, 24600075, 24600076, 24600077, 24600078, 24600079, 24600080, 24600081, 24600082, 24600083, 24600084, 24600085, 24600086, 24600087, 24600088, 24600089, 24600090, 24600091, 24600092, 24600093, 24600094, 24600095, 24600096, 24600097, 24600098, 24600099, 24600100

SAKTHI FINANCE

AN EDIFICE BUILT ON TRUST

E-Mail:sakthif_info@sakthifinance.com

CIN:L65910TZ1955PLCOOO145

RESULTS OF THE POSTAL BALLOT

Results of the voting conducted through Postal Ballot on the Special Resolutions under Sections 180(1)(c) and 180(1)(a) of the Companies Act 2013 for seeking the approval of members for increasing the borrowing powers and creation of charge / mortgage on the properties of the Company respectively for an amount not exceeding ₹ 2,500 crores over and above the paid up capital and free reserves.

Special Resolution No.1: Increasing the borrowing powers of the Company

Particulars	Total
Number of valid ballot forms received	761
Number of votes in favour of the resolution	4,46,16,110
Number of votes against the resolution	43,010
Number of invalid ballot forms received	97

Accordingly, the Special Resolution has been approved by the members with requisite majority.


Special Resolution No.2: Creation of Charge / Mortgage on the properties of the Company

Particulars	Total
Number of valid ballot forms received	731
Number of votes in favour of the resolution	4,45,90,966
Number of votes against the resolution	41,720
Number of invalid ballot forms received	127

Accordingly, the Special Resolution has been approved by the members with requisite majority.

For Sakthi Finance Limited

5th April 2014
Coimbatore


M. Balasubramaniam
Vice Chairman and Managing Director

Sakthi Finance Limited

62/19, Namappa Road, Coimbatore. Ph: 041 018 | : 0422-2251471 | 4 | : 0422-2251915 | W: www.sakthifinance.com

CERTIFIED TRUE COPY OF EXTRACT OF MINUTES OF ANNOUNCEMENT OF RESULT OF RESOLUTIONS PASSED THROUGH POSTAL BALLOT BY THE MEMBERS OF THE COMPANY ON MONDAY, 29 APRIL 2024 AT THE REGISTERED OFFICE OF THE COMPANY AT 62, DR NANJAPPA ROAD, COIMBATORE – 641 018

ITEM NO. 2: ISSUE OF SECURED, REDEEMABLE, NON-CONVERTIBLE DEBENTURES (“NCDs”) ON PRIVATE PLACEMENT BASIS FOR AN AMOUNT NOT EXCEEDING ₹ 50 CRORES

RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act 2013 (“**the Act**”) (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (“**the Rules**”) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (including any statutory modification(s) or re-enactment thereof, for the time being in force) (“**SEBI NCS Regulations**”) read with the Master Circular, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (“**Listing Regulations**”), as may be applicable, the rules, regulations, guidelines, circulars and RBI directions as applicable to the Non-Banking Financial Companies (“**NBFC**”) amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as “**the Board**” which term shall be deemed to include any Committee duly constituted / authorized Committee of the Board) to make invitation(s), to subscribe and offer(s), issue and allot, Listed, Secured, Redeemable, Non-Convertible Debentures (“**NCDs**”) on private placement basis, at such face value as may be permissible under the Act and RBI directions on private placement basis, at par, premium or discount, in one or more tranches for an amount not exceeding ₹ 50 crores, within the overall borrowing limits of the Company approved by the members.

RESOLVED FURTHER THAT the Board be and is hereby authorized to:

- a. decide whether to issue Secured Debentures, in one or more series or tranches;
- b. decide to list the tranches;
- c. finalize the other terms and conditions including the rate of interest, tenor and security cover thereof, the consideration of the issue, utilization of the issue proceeds and all matters connected to it;
- d. decide on the timing of each tranche.
- e. decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons eligible to subscribe; and
- f. do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments, and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.




RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any director(s), key managerial person(s) and /or officer(s) of the Company, to give effect to the resolution.

VOTING DETAILS

PARTICULARS	REMOTE E-VOTING
Number of members voted	89
Number of valid votes cast	89
Votes in favour of the resolution	5,39,57,611
Votes against the resolution	5
Invalid votes	Nil
% of votes in favour	99.994
RESULT	The Special Resolution was passed under Remote e-voting with requisite majority as specified under the Companies Act 2013

For Sakthi Finance Limited



C Subramaniam
Company Secretary
FCS 6971





Sakthi Finance

Since 1955

CERTIFIED TRUE COPY OF EXTRACT FROM THE MINUTES OF THE FIFTH MEETING OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2023-24 HELD ON WEDNESDAY, 27 MARCH 2024 AT 11.45 A.M. AT 180 RACE COURSE ROAD, COIMBATORE - 18

8.4 CONSIDERING AND APPROVING ISSUE OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES ("NCDs") ON PRIVATE PLACEMENT BASIS FOR AN AMOUNT NOT EXCEEDING ₹ 50 CRORES

RESOLVED THAT subject to the approval of members through Postal Ballot, pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act 2013 ("**the Act**") (including any statutory modification(s) or re-enactment thereof, for the time being in force) read with Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 ("**the Rules**") and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (including any statutory modification(s) or re-enactment thereof, for the time being in force) ("**SEBI NCS Regulations**") read with the Master Circular, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as may be applicable, the rules, regulations, guidelines, circulars and RBI directions as applicable to the Non-Banking Financial Companies ("**NBFC**") amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other approvals as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**" which term shall be deemed to include any Committee duly constituted / authorized Committee of the Board) to make invitation(s), to subscribe and offer(s), issue and allot, Listed, Secured, Redeemable, Non-Convertible Debentures ("**NCDs**") on private placement basis, at such face value as may be permissible under the Act and RBI directions on private placement basis, at par, premium or discount, in one or more tranches for an amount not exceeding ₹ 50 crores, within the overall borrowing limits of the Company approved by the members.

RESOLVED FURTHER THAT the Board be and is hereby authorized to:

- decide whether to issue Secured Debentures, in one or more series or tranches;
- decide to list the tranches;
- finalize the other terms and conditions including the rate of interest, tenor and security cover thereof, the consideration of the issue, utilization of the issue proceeds and all matters connected to it;
- decide on the timing of each tranche.
- decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending



Sakthi Finance Limited

62, Dr. Nanjappa Road, Coimbatore - 641 018, Tamilnadu, India.

Ph : (0422) 2231471 - 474, 4236200 Fax : (0422) 2231915 | www.sakthifinance.com | CIN : L65910TZ1955PLC000145



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- agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons eligible to subscribe; and
- f. do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments, and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.

RESOLVED FURTHER THAT a copy of Private Placement Offer Letter in Form PAS-4 containing the required particulars, a copy of which was circulated to the Board members, be and is hereby approved / taken on record.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof), be and is hereby authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient, including determining the terms and conditions of the NCDs and other debt securities, to give effect to the above Resolutions.

RESOLVED FURTHER THAT Sri Srinivasan Anand, Chief Financial Officer and Sri C Subramaniam, Company Secretary be and is hereby severally authorized to take required steps to file necessary e-form with MCA / Registrar of Companies in this regard.

r Sakthi Finance Limited

C. Subramaniam
Company Secretary
#CS 6971





Sakthi Finance

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CERTIFIED TRUE COPY FROM THE EXTRACT OF THE MINUTES OF THE FIFTH MEETING OF THE FINANCE, INVESTMENT AND SECURITIES ISSUANCE COMMITTEE HELD ON THURSDAY, 30 MAY 2024 AT 3.00 P.M AT 62 DR NANJAPPA ROAD, COIMBATORE

4.0 CONSIDERING AND APPROVING THE DISCLOSURE DOCUMENTS FOR ISSUE OF RATED, SECURED, REDEEMABLE, NON CONVERTIBLE DEBENTURES FOR AN AMOUNT NOT EXCEEDING ₹ 4,900 LAKHS UNDER PRIVATE PLACEMENT BASIS

RESOLVED THAT pursuant to Section 26 of the Companies Act 2013 read with relevant Rules made thereunder and Regulation 8 of the SEBI (Issue and Listing of Non-Convertible Securities) Regulation 2021 and other applicable regulations, if any, the disclosures documents (including Financial Statements for latest 3 years and for the period ended as at 31 December 2023) offering Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of face value of ₹ 1,00,000 each for an amount not exceeding ₹ 4,900 lakh under private placement basis, copies of which were placed before the Committee, be and is hereby considered and approved.

RESOLVED FURTHER THAT the Declarations signed by Sri Srinivasan Anand, Chief Financial Officer and Sri C Subramaniam, Company Secretary and Compliance Officer which were placed at the meeting, for submission to the BSE Limited along with the Draft disclosure documents were taken on record.

RESOLVED FURTHER THAT Sri K S Venkatasubramanian, Chief Operating Officer ("COO"), Sri Srinivasan Anand, Chief Financial Officer ("CFO"), Sri C Subramaniam, Company Secretary and Compliance Officer ("CS and CO") and Sri S Senthil Kumar, Deputy General Manger (Finance and Accounts) ("DGM – F&A"), be and are hereby severally authorized to sign, execute all documents, deeds, applications etc., submitted / to be submitted to BSE Limited in relation to the NCD Issue.

RESOLVED FURTHER THAT Sri K S Venkatasubramanian, COO, Sri Srinivasan Anand, CFO, Sri C Subramaniam, CS and CO and Sri S Senthil Kumar, DGM - F & A, be and are hereby severally authorized to submit the draft disclosure documents to BSE Limited and to make, initial and sign etc., any corrections, amendments to the disclosure documents as may be necessary in this regard.

For Sakthi Finance Limited

C Subramaniam
Company Secretary and
Compliance Officer
FCS6971



ANNEXURE F: FINANCIAL STATEMENTS

Sr. No	Particulars	Page No.
1	Limited Review Report on unaudited standalone financial results for the 9 months ended December 31, 2023	F 1
2	Audited Financial Statements as at and for the Financial Year ended March 31, 2023	F 27
3	Audited Financial Statements as at and for the Financial Year ended March 31, 2022	F 125
4	Audited Financial Statements as at and for the Financial Year ended March 31, 2021	F 216

Statement of Unaudited Financial Results for the Quarter and nine months ended 31st December 2023

(₹ lakhs)

Sl No	Particulars	Quarter Ended			Nine months Ended		Year Ended
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from Operations						
	Interest Income	5,030.41	4,864.58	4,744.99	14,620.39	13,748.03	18,476.72
	Rental Income	15.34	16.90	7.73	48.83	23.20	30.94
	Fees and Commission	121.20	129.30	115.16	362.65	326.58	459.47
	Bad debts recovery	28.60	22.15	8.74	61.83	37.09	40.34
	Sale of power from Windmills	25.26	89.55	18.90	164.69	145.10	173.13
	Total revenue from operations	5,220.81	5,122.48	4,895.52	15,258.39	14,280.00	19,180.60
2	Other Income						
	Miscellaneous income	0.05	(0.05)	2.39	0.19	2.62	13.37
3	Total Income	5,220.86	5,122.43	4,897.91	15,258.58	14,282.62	19,193.97
	Expenses						
	a. Finance Costs	2,883.91	2,897.03	2,756.24	8,605.33	8,212.43	10,926.13
	b. Fees and commission expenses	25.05	32.80	25.34	83.23	81.07	107.44
4	c. Impairment on Financial Instruments	118.04	208.84	269.24	492.71	755.15	926.07
	d. Employee benefits expenses	1,006.83	892.10	895.79	2,762.39	2,437.62	3,246.21
	e. Depreciation, amortisation and impairment	147.16	147.11	138.41	438.77	407.38	546.93
	f. Other Administrative Expenses	456.89	425.34	430.07	1,319.57	1,197.70	1,705.22
	Total Expenses	4,637.88	4,603.22	4,515.09	13,702.00	13,091.35	17,458.00
5	Profit before Exceptional items and Tax (3-4)	582.98	519.21	382.82	1,556.58	1,191.27	1,735.97
6	Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00
7	Profit before tax (5-6)	582.98	519.21	382.82	1,556.58	1,191.27	1,735.97
	Tax expense:						
8	a Current Tax	138.02	169.05	144.79	471.35	502.31	674.65
	b Deferred Tax	12.91	(24.99)	(77.82)	(66.80)	(215.10)	(188.05)
9	Profit after Tax for the period from continuing operations (7-8)	432.05	375.15	315.85	1,152.03	904.06	1,249.37
10	Other Comprehensive Income:						
	(i) Items that will not be reclassified to profit or loss :						
	a) Fair value changes in Equity instruments	(21.40)	43.84	21.28	47.10	71.15	36.38
	b) Remeasurement Gain / (Loss) in defined benefit obligations	1.20	(0.23)	1.84	2.48	2.76	6.06
	(ii) Income tax relating to items that will not be reclassified to profit or loss	5.08	(10.97)	(5.82)	(12.48)	(18.60)	(10.68)
11	Other Comprehensive Income	(15.12)	32.64	17.30	37.10	55.31	31.76
12	Total Comprehensive Income for the period (9+11)	416.93	407.79	333.15	1,189.13	959.37	1,281.13
13	Earnings per equity share (Face Value : ₹ 10 each) : (Not Annualised)						
	- Basic (₹)	0.67	0.58	0.49	1.78	1.40	1.93
	- Diluted (₹)	0.67	0.58	0.49	1.78	1.40	1.93



Sakthi Finance Limited
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Notes:

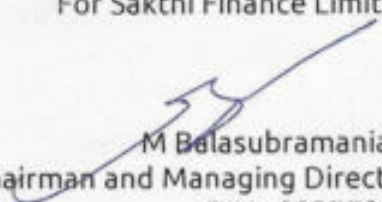
1. The above Unaudited Financial Results ("**UFR**") have been prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act 2013 ("**the Act**") read with the Companies (Indian Accounting Standards) Rules 2015 and accordingly, these financial results together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("**Ind AS 34**") in compliance with Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended. Any application guidance / clarifications / directions issued by the Reserve Bank of India will be implemented as and when they are issued / applicable.
2. The above UFR for the quarter and Nine months period ended 31st December 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 8th February 2024.
3. The Statutory Auditors of the Company have conducted a limited review on the UFR for the quarter and nine months period ended 31st December 2023.
4. In terms of the requirement as per the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on implementation of Ind AS, Non-Banking Financial Companies are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms (including provision on standard assets). As such the impairment allowances under Ind AS 109 made by the company exceeds the total provisions required under IRACP (including standard assets provisioning) as at 31st December 2023 and accordingly, there is no amount required to be transferred to impairment reserve.
5. The Company's Secured, Redeemable, Non-Convertible Debentures ("**NCDs**") are secured by mortgage of identified immovable properties and hypothecation of specified hire purchase receivables of the Company with a cover of 100%/110% of outstanding (principal and interest accrued thereon) as per the terms of the issue.
6. As on December 31, 2023 the security cover available in respect of listed secured non-convertible debt securities is 1.10 times. The security cover certificate as per Regulation 54(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached.
7. The Company has raised an amount of ₹ 146.86 Crores by way of Public Issue of NCDs during the 1st quarter. The proceeds of NCD has been fully utilized during the 2nd Quarter itself, for the object stated in the Prospectus dated 10th April, 2023 and there is no deviation.



**Sakthi Finance Limited
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8. The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as identified as per Ind AS 108 on 'Operating Segments'.
9. The Code on Social Security 2020 ("**the Code**") has been enacted and the effective date from which changes are applicable and the rules thereunder is yet to be notified. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.
10. Disclosure as required by Regulation 52(4) of the Listing Regulations is enclosed in **Appendix I**.
11. Previous period / year figures have been regrouped / re-arranged / re-classified, wherever necessary to conform to the current period presentation.

By Order of the Board
For Sakthi Finance Limited


M Belasubramaniam
Vice Chairman and Managing Director
DIN : 00377053

8th February 2024
Coimbatore - 18





ANNEXURE - B

Independent Auditor's Review Report on Quarterly Unaudited Financial Results of the Company Pursuant to the Regulation 33 and Regulation 52 read with Regulation 63 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Review Report

To the Board of Directors of Sakthi Finance Limited, Coimbatore

Introduction

1. We have reviewed the accompanying unaudited financial results of Sakthi Finance Limited (the "Company") for the quarter ended December 31, 2023 and the year to date results for the period April 01, 2023 to December 31, 2023, which are included in the accompanying Statement of Unaudited Financial Results for the Quarter and Nine months ended December 31, 2023, ("the Statement") being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have initialed the Statement for identification purposes only.

Management Responsibility for the Statement

2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder, the circulars, Guidelines and Directions issued by Reserve Bank of India from time to time, other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time, including compliance with Regulation 33 and Regulation 52 read with Regulation 63(2) of Listing Regulations, 2015. Our responsibility is to express a conclusion on the Statement based on our review.



Scope of Review

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Conclusion

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder, other accounting principles generally accepted in India and further in accordance with the relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of Income recognition, asset classification, provisioning and other related matters (to the extent those are not inconsistent with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013), has not disclosed the information required to be disclosed in terms of Regulation 33, Regulation 52 and Regulation 54 of the Listing Regulations, 2015, including the manner in which it is to be disclosed or that it contains any material misstatement.

For CSK Prabhu & Co
Chartered Accountants
Firm Registration Number:002485S



Prabhu
CSK Prabhu
Partner

Membership Number: 019811
UDIN: 24019811BKFAIW1637
Place: Coimbatore
Date: 08-02-2024

Sakthi Finance Limited
Coimbatore - 18

ANNEXURE - C

**Extract of Statement of Unaudited Financial Results for the
Quarter and nine months ended 31st December 2023**

(₹ lakh)

Particulars	Quarter Ended			Nine months period		Year Ended
	31-12-2023	30-09-2023	31-12-2022	31-12-2023	31-12-2022	31-03-2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Total Revenue from Operations (net)	5220.81	5,122.48	4,895.52	15,258.39	14,280.00	19,180.60
Net Profit / (Loss) for the period (before tax and Exceptional Items)	582.98	519.21	382.82	1,556.58	1,191.27	1,735.97
Net Profit / (Loss) for the period before tax (after Exceptional Items)	582.98	519.21	382.82	1,556.58	1,191.27	1,735.97
Net Profit / (Loss) for the period after tax (after Exceptional Items)	432.05	375.15	315.85	1,152.03	904.06	1,249.37
Other Comprehensive Income (net of tax)	(15.12)	32.64	17.30	37.10	55.31	31.76
Total Comprehensive Income for the period [comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (net of tax)]	416.93	407.79	333.15	1,189.13	959.37	1,281.13
Paid-up equity share capital (Face value : ₹ 10 per share)	6470.59	6,470.59	6,470.59	6,470.59	6,470.59	6,470.59
Reserves (excluding Revaluation Reserve)						11,750.40
Securities Premium	1,429.80	1,429.80	1,429.80	1,429.80	1,429.80	1,429.80
Net worth	18,599.66	18,218.46	17,607.14	18,599.66	17,607.14	17,927.28
Paid up Debt Capital/ Outstanding Debt	0.34	0.34	0.32	0.34	0.32	0.33
Outstanding Redeemable Preference Shares	NA	NA	NA	NA	NA	NA
Debt Equity Ratio	6.16	6.12	6.12	6.16	6.12	5.99
Earnings per share (₹ 10 each) (for continuing operations) :						
a. Basic (₹)	0.67	0.58	0.49	1.78	1.40	1.93
b. Diluted (₹)	0.67	0.58	0.49	1.78	1.40	1.93
Capital Redemption Reserve	NA	NA	NA	NA	NA	NA
Debenture Redemption Reserve	NA	NA	NA	NA	NA	NA
Debt Service Coverage Ratio	NA	NA	NA	NA	NA	NA
Interest Service Coverage Ratio	NA	NA	NA	NA	NA	NA

Notes :

- The above is an extract of the detailed format of the Unaudited Financial Results filed with Stock Exchange under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The full format of the Unaudited Financial Results are available on the BSE Ltd website (URL: www.bseindia.com/corporates) and company's website, www.sakthifinance.com.
- Disclosures in accordance with Regulation 52(4) of the Listing Regulations have been submitted to BSE Limited and the disclosures can be accessed on the BSE website (URL : www.bseindia.com/corporates) and company's website, www.sakthifinance.com.



By Order of the Board
For Sakthi Finance Limited

M Balasubramaniam
Vice Chairman and Managing Director
DIN 00377053

8th February 2024
Coimbatore - 18

ANNEXURE - D

**Sakthi Finance Limited
Coimbatore - 18**

Appendix - I

Compliance related to disclosure of certain ratios and other financial information as required under Regulation 52(4) of the Listing Regulations

Sl No	Particulars	Quarter Ended			Nine months Ended		Year Ended
		31st December 2023	30th September 2023	31st December 2022	31st December 2023	31st December 2022	31st March 2023
1	Debt - Equity Ratio (Refer Note 2)	6.16	6.12	6.12	6.16	6.12	5.99
2	Debt Service Coverage Ratio	NA	NA	NA	NA	NA	NA
3	Interest Service Coverage Ratio	NA	NA	NA	NA	NA	NA
4	Outstanding Redeemable Preference Shares (quantity and value)	NA	NA	NA	NA	NA	NA
5	Capital Redemption Reserve	Nil	Nil	Nil	Nil	Nil	Nil
6	Debenture Redemption Reserve	Nil	Nil	Nil	Nil	Nil	Nil
7	Net worth (Refer Note 3)	18,599.66	18,218.46	17,607.14	18,599.66	17,607.14	17,927.28
8	Net profit / (loss) after tax	432.05	375.15	315.85	1152.03	904.06	1,249.37
9	Earnings per Share						
	- Basic	0.67	0.58	0.49	1.78	1.40	1.93
	- Diluted	0.67	0.58	0.49	1.78	1.40	1.93
10	Current Ratio	NA	NA	NA	NA	NA	NA
11	Long Term debt to Working Capital	NA	NA	NA	NA	NA	NA
12	Bad Debts to Accounts Receivable Ratio	NA	NA	NA	NA	NA	NA
13	Current Liability Ratio	NA	NA	NA	NA	NA	NA



**Sakthi Finance Limited
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Sl No	Particulars	Quarter Ended			Nine months Ended		Year Ended
		31st December 2023	30th September 2023	31st December 2022	31st December 2023	31st December 2022	31st March 2023
14	Total debts to total Assets (Refer Note 4)	0.75	0.75	0.76	0.75	0.76	0.75
15	Debtor turnover	NA	NA	NA	NA	NA	NA
16	Inventory turnover	NA	NA	NA	NA	NA	NA
17	Operating Margin (%)	NA	NA	NA	NA	NA	NA
18	Net Profit margin (%) (Refer Note 5)	8.28%	7.32%	6.45%	7.55%	6.33%	6.51%
19	Sector specific equivalent ratios, as applicable						
	i) Gross Non-performing Assets (GNPA) % (Refer Note 6)	5.59%	5.87%	6.24%	5.59%	6.24%	5.85%
	ii) Net Non-Performing Assets (NNPA) % (Refer Note 7)	2.91%	3.05%	3.16%	2.91%	3.16%	2.95%
	iii) Provision Coverage Ratio (PCR %) (Refer Note 8)	49.46%	49.64%	51.02%	49.46%	51.02%	51.11%
	iv) Capital Adequacy Ratio (%) (Refer Note 9)	18.01%	17.26%	19.09%	18.01%	19.09%	19.68%

Notes:

1. Certain ratios/line items marked with remark "NA" are not applicable since the Company is a Non-Banking Financial Company registered with the Reserve Bank of India
2. Debt - Equity ratio = [Debt Securities + Borrowings (Other than Debt Securities) + Deposits + Subordinated Liabilities] / [Equity Share capital + Other Equity]
3. Net worth = [Equity shares Capital + Other Equity]
4. Total debts to total assets = [Debt Securities + Borrowings (Other than Debt Securities) + Deposits + Subordinated Liabilities] / Total Assets
5. Net profit margin (%) = Profit after tax / Total Income
6. Gross Non-performing Assets (GNPA) % = Gross Stage III Assets / Gross Loan Assets
7. Net Non-performing Assets (NNPA) % = [Gross Stage III Assets - Impairment Loss Allowance for Stage III Assets] / [Gross Loan Assets - Impairment Loss Allowance for Stage III Assets]
8. Provision Coverage Ratio (PCR %) = Impairment loss allowance for Stage III assets / Gross Stage III Assets
9. Capital Adequacy Ratio has been computed as per relevant RBI guidelines





To

ANNEXURE - E

**Board of Directors
Sakthi Finance Limited
62, Dr.Nanjappa Road
Coimbatore - 641 018**

Independent Auditor's Certificate on Security Cover as at 31st December 2023 under Regulation 54 read with Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") as amended for submission to BSE Limited and Catalyst Trusteeship Limited ("the Debenture Trustee")

1. The Certificate is issued in accordance with the terms of our engagement letter dated 01st February 2024.
2. We, M/s. CSK Prabhu & Co, Chartered Accountants, the Statutory Auditor of Sakthi Finance Limited ("**the Company**"), have been requested by the management of the Company to certify the book value of assets charged against the listed Secured Non-Convertible Debentures ("**NCDs**") ("**Listed Debt Securities**") issued by the Company mentioned in the accompanying "**Statement of Security Cover as on December 31, 2023**" in "**Annexure B**" and compliance with financial covenants in respect of Listed Secured Non-Convertible Debentures of the Company issued and outstanding as at December 31, 2023 as given in the accompanying "**Statement of Security Cover and Compliance with Covenants as on December 31, 2023**" in "**Annexure A**" (Annexure A and Annexure B hereinafter together referred to as "**the Statements**")

The Statements are prepared by the Company from the unaudited books of accounts and other relevant records and documents maintained by the company as at December 31, 2023 pursuant to requirements SEBI Operational of Circular no. SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March, 2023 issued by the Securities and Exchange Board of India ("**SEBI**") in terms of Regulation 54 read with Regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Regulation 15(1)(t) of the Securities and Exchange Board of India (Debenture Trustees) Regulations 1993 (hereinafter referred together as the "**the SEBI Regulations**"), as amended, for the purpose of submission to the Stock Exchange ("**BSE Ltd**") and to Debenture Trustee of the Listed Debt Securities. The Statements have been initialed by us for identification purpose only. The Company has entered into agreements with the Debenture Trustee ("**Debenture Trust Deeds**") in respect of debentures as indicated in the Statement.



Management's Responsibility for the Statements

3. The preparation of the accompanying Statements is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statements, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Management of the Company is also responsible for ensuring that the Company complies with all the relevant requirements of the SEBI Regulations and for providing all relevant information to the Debenture Trustees and for complying with all the covenants as prescribed in terms of the respective Debenture Trust Deed/Prospectus including the maintenance of Security Cover and in the manner as may be specified by SEBI and adherence with all other applicable conditions mentioned in the SEBI Regulations in connection with the Statements.

Auditor's Responsibility

5. Pursuant to the requirements of SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March, 2023 issued by the Securities and Exchange Board of India, our responsibility for the purpose of this certificate is to provide a limited assurance regarding:
 - a) whether the book value of the assets of the Company in the accompanying **Annexure B** have been accurately extracted and ascertained from the un-audited books of accounts of the Company and other relevant records and documents maintained by the Company; and
 - b) whether the Company has complied with financial covenants of the debentures.
6. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes (the "**Guidance Note**") issued by the ICAI, in so far as applicable for the purpose of this Certificate, which includes the concepts of test checks and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control ("**SQC**") 1, Quality Control for Firms that perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.



8. A limited assurance engagement involves making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. The procedures performed vary in nature and timing from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Accordingly, we have performed the following procedures in relation to the statement:

- a) Obtained the Statements from the management.
- b) Verified that the information contained in the Statements have been accurately extracted and ascertained from the un-audited books of accounts of the Company as at and for the Period ended December 31, 2023 and other relevant records and documents maintained by the Company, in the normal course of its business.
- c) Examined and verified the arithmetical and clerical accuracy of the information included in the Statements.
- d) Reviewed the terms and conditions contained in the Prospectus(es)/ Debenture Trust Deed(s) to understand the nature of charge (viz. exclusive charge or *pari passu* charge) on the assets of the Company.
- e) Obtained Register of Charges kept by the Company as per the requirements of the Companies Act 2013 to understand the composition of charges already created on the assets of the company and traced the value of charge created against assets to the security cover indicated in the Statements on a test check basis.
- f) Read the terms relating to financial covenants of the debentures and recomputed the financial covenants.
- g) Performed necessary inquiries with the management and obtained necessary representations.

Conclusion

9. Based on the procedures performed as referred to in paragraph 8 above and according to the information and explanations provided to us by the Management of the Company, nothing has come to our attention that causes us to believe that:
- a. the particulars contained in the accompanying **Annexure B** with respect to the Book Values of Assets (at Cost) charged against Listed Debt Securities issued by the Company have not been accurately extracted and ascertained



from the unaudited books of accounts of the Company for the period ended as at December 31, 2023, and other relevant records and documents maintained by the Company; and

- b. the Company has not complied with financial covenants of the Debentures as mentioned in the accompanying **Annexure A**.

Restriction on Use

10. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of submission to Debenture Trustees, BSE Ltd and SEBI in accordance with the SEBI Regulations and should not be used by any other person or for any other purposes without our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For CSK Prabhu & Co
Chartered Accountants
Firm Reg. No.: 002485S


CSK Prabhu
Partner



Membership No.019811

UDIN: 24019811BKFAIX5724

Coimbatore
08th February 2024

Statement of Security Cover and Compliance with Covenants as on December 31, 2023

Security cover in respect of listed debt securities of the listed entity under SEBI Operational Circular No SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March 2023

We hereby certify that:

A. The listed entity i.e. **Sakthi Finance Limited** (the '**Company**') has vide its Board Resolutions, Prospectus and under various Debenture Trust Deeds, issued the Listed Debt Securities (Non-Convertible Debentures/NCDs) and the amount outstanding as at December 31, 2023 (including interest accrued) is Rs.39,554.57 Lakhs as per **Exhibit 1**.

B. Security cover for Secured Debt Securities

- i) The financial information as on December 31, 2023, has been extracted from the unaudited books of account as at and for the period ended December 31, 2023 and other relevant records and documents maintained by the Company.
- ii) The book value of assets of the Company at cost provide coverage of 1.10 times of the interest and principal amount, which is in accordance with the terms of the Issue/Debenture Trust Deed (Calculation as per "Statement of Security Cover as on December 31, 2023") ("**Annexure B**").

C. Compliance of all the Covenants/Terms of the issue in respect of Listed Debt Securities of the Listed Entity

We confirm that the Company has complied with all the Financial Covenants of the Listed Non-Convertible Debentures outstanding as at December 31, 2023, including the following:



NCD	Financial Covenants	Status
All Listed NCDs Outstanding as at December 31,2023	Maintain 100% Security Cover or Security Cover as per the terms of Prospectus and/or Debenture Trust Deeds at all the time on Total Amount Outstanding (including Interest Accrued) for the NCDs as at December 31, 2023.	Complied

Notes:

1. This Statement is prepared in accordance with Regulation 15(1)(t) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as amended vide Notification No. SEBVLAO-NRO/GN/2020/34 dated October 8, 2020 and Notification No. SEBVJ.ADNRO/GN/2022/78 dated April 11, 2022 and Regulation 54 read with Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended by SEBI Operational Circular No. SEBI/HO/DDHS/P/CIR/2023/50 dated 31st March 2023.
2. Other than what has been stated above, there is/are no covenant/s specified in the Prospectus of the listed non-convertible debt securities that the Company needs to comply with.
3. The assets offered as security are loans given by the Company and hence not eligible for market valuations. Wherever Immovable Properties are offered as security for Listed Debt Securities, market valuations have been obtained by the Company.

For Sakthi Finance Limited

Coimbatore
08th February, 2024



[Signature]
Srinivasan Anand
Chief Financial Officer



Exhibit 1

Outstanding Secured Non- Convertible Debentures (including interest accrued)
as at December 31, 2023:

S. No	Issue	ISIN	Instrument	Type of Charge	Sanctioned Amount (Rs in lakhs)	Interest Accrued (Rs in lakhs)	TDS Deducted (Rs in lakhs)	Outstanding Amount (Rs in lakhs)	Cover Required (Rs in lakhs)	Assets Required (Rs in lakhs)
1	NCD Public Issue - IV	INE302E07300	Non Convertible Debentures	Exclusive	1,894.23	-	-	1,894.23	1,894.23	1,894.23
2	NCD Public Issue - IV	INE302E07318	Non Convertible Debentures	Exclusive	248.73	19.13	-	267.86	267.86	267.86
3	NCD Public Issue - IV	INE302E07326	Non Convertible Debentures	Exclusive	1,129.16	489.92	-	1,619.08	1,619.08	1,619.08
4	NCD Public Issue - V	INE302E07359	Non Convertible Debentures	Exclusive	1,663.12	-	-	1,663.12	1,663.12	1,663.12
5	NCD Public Issue - V	INE302E07367	Non Convertible Debentures	Exclusive	1,595.15	419.94	-	2,015.09	2,015.09	2,015.09
6	NCD Public Issue - V	INE302E07375	Non Convertible Debentures	Exclusive	3,566.23	-	-	3,566.23	3,566.23	3,566.23
7	NCD Public Issue - V	INE302E07383	Non Convertible Debentures	Exclusive	2,106.90	570.46	-	2,677.36	2,677.36	2,677.36
8	NCD Public Issue - VI	INE302E07409	Non Convertible Debentures	Exclusive	826.37	-	-	826.37	826.37	826.37
9	NCD Public Issue - VI	INE302E07417	Non Convertible Debentures	Exclusive	1,235.12	187.12	-	1,422.24	1,422.24	1,422.24
10	NCD Public Issue - VI	INE302E07425	Non Convertible Debentures	Exclusive	412.01	-	-	412.01	412.01	412.01
11	NCD Public Issue - VI	INE302E07433	Non Convertible Debentures	Exclusive	681.25	106.44	-	787.69	787.69	787.69
12	NCD Public Issue - VI	INE302E07441	Non Convertible Debentures	Exclusive	227.64	-	-	227.64	227.64	227.64
13	NCD Public Issue - VI	INE302E07458	Non Convertible Debentures	Exclusive	126.30	20.33	-	146.63	146.63	146.63



14	NCD Public Issue - VI	INE302E0 7466	Non Convertible Debentures	Exclusive	4,374.51	-	-	4,374.51	4,374.51	4,374.51
15	NCD Public Issue - VI	INE302E0 7474	Non Convertible Debentures	Exclusive	2,116.80	381.40	-	2,498.20	2,498.20	2,498.20
16	NCD Public Issue - VII	INE302E0 7573	Non Convertible Debentures	Exclusive	1,348.77	-	-	1,348.77	1,348.77	1,348.77
17	NCD Public Issue - VII	INE302E0 7508	Non Convertible Debentures	Exclusive	1,953.26	116.08	-	2,069.34	2,069.34	2,069.34
18	NCD Public Issue - VII	INE302E0 7540	Non Convertible Debentures	Exclusive	656.18	-	-	656.18	656.18	656.18
19	NCD Public Issue - VII	INE302E0 7516	Non Convertible Debentures	Exclusive	1,540.08	94.11	-	1,634.19	1,634.19	1,634.19
20	NCD Public Issue - VII	INE302E0 7557	Non Convertible Debentures	Exclusive	210.19	-	-	210.19	210.19	210.19
21	NCD Public Issue - VII	INE302E0 7490	Non Convertible Debentures	Exclusive	251.01	15.76	-	266.77	266.77	266.77
22	NCD Public Issue - VII	INE302E0 7565	Non Convertible Debentures	Exclusive	5,075.37	-	-	5,075.37	5,075.37	5,075.37
23	NCD Public Issue - VII	INE302E0 7524	Non Convertible Debentures	Exclusive	1,615.48	109.62	-	1,725.10	1,725.10	1,725.10
24	NCD Public Issue - VII	INE302E0 7532	Non Convertible Debentures	Exclusive	2,035.70	134.70	-	2,170.40	2,170.40	2,170.40
Total					36,889.56	2,665.01	-	39,554.57	39,554.57	39,554.57



Annexure - B
Statements of Security Cover as on December 31, 2023
(All amounts are Rs. In Lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L	Column M	Column N	Column O
Particulars	Exclusive Charge	Exclusive Charge	Par-Passu Charge	Par-Passu Charge	Par-Passu Charge	Par-Passu Charge	Assets not offered as Security	Elimination (amount in negative)	(Total C to H)	Market Value for Assets charged on Exclusion basis	Carrying (Book value for exclusive charge assets where market value is not ascertainable or applicable) or Eg. Bank Balance, DORA market value (as not applicable)	Market Value for Par-passu charge Assets	Carrying value(Book value for par passu charge assets where market value is not ascertainable or applicable) or Eg. Bank Balance, DORA market value (as not applicable)	Total Value=(K+L+M+ N)
	Book Value	Book Value	Yes/No	Book Value	Book Value	Book Value								
ASSETS														
Property, Plant and Equipment	3.44	-	No	-	-	5,699.34	-	-	5,702.78	84.07	-	-	-	84.07
Capital Work-in-Progress	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Right of Use Assets	-	-	N/A	-	-	934.82	-	-	934.82	-	-	-	-	-
Goodwill	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	N/A	-	-	171.39	-	-	171.39	-	-	-	-	-
Intangible Assets under Development	-	-	N/A	-	-	67.79	-	-	67.79	-	-	-	-	-
Investment Property	-	-	N/A	-	-	267.32	-	-	267.32	-	-	-	-	-
Investments	-	-	N/A	-	-	898.47	-	-	898.47	-	-	-	-	-
Loans	43,629.89	37,800.34	No	-	-	40,738.54	-	-	1,22,168.76	43,629.89	-	-	-	43,629.89
Receivables	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Trade Receivables	-	-	N/A	-	-	293.95	-	-	293.95	-	-	-	-	-
Cash and Cash Equivalents	-	-	N/A	-	-	3,797.22	-	-	3,797.22	-	-	-	-	-
Bank Balances other than Cash & Cash Equivalents	-	-	N/A	-	-	43.77	-	-	43.77	-	-	-	-	-
DERIV	-	-	N/A	-	-	-	-	-	-	-	-	-	-	-
Other Financial Assets	-	-	N/A	-	-	1,469.67	-	-	1,469.67	-	-	-	-	-
Deferred Tax Assets	-	-	N/A	-	-	449.62	-	-	449.62	-	-	-	-	-
Other Non-Financial Assets	-	-	N/A	-	-	1,860.24	-	-	1,860.24	-	-	-	-	-
Total	43,633.33	37,800.34	-	-	-	56,692.14	-	-	1,38,125.80	84.07	-	-	-	43,713.96



Annexure - B
Statements of Security Cover as on December 31, 2023
(All amounts are Rs. in Lakhs)

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J (Total C to H)	Column K	Column L	Column M	Column N	Column O
Particulars	Description of asset for which this certificate relates	Exclusive Charge	Exclusive Charge	Part-Passu Charge	Part-Passu Charge	Part-Passu Charge	Assets not offered as Security	Elimination (amount in negatives)		Market Value for Assets charged on Exclusion basis	Carrying Book value for exclusive charge assets where market value is not applicable/For Eg Bank Balance, DBRA market value is not applicable)	Market Value for Part passu charge Assets	Carrying value/Book value for part passu charge assets where market value is not applicable or reasonable or applicable (For Eg Bank Balance, DBRA market value is not applicable)	Total Value=(K+L+M+ N)
		Book Value	Book Value	Yes/ No	Book Value	Book Value							Relating to Column F	
LIABILITIES														
Debt securities to which this certificate pertains	Secured Non Convertible Debentures (Listed)	39,554.57	12,466.47	-	-	-	12,166.53	-	64,187.56	-	39,554.57	-	-	39,554.57
Other debt sharing part-passu charge with above debt														
Other Debt							2,452.54	-	2,452.54					
Subordinated debt							24,824.21	-	24,824.21					
Borrowings														
Bank			13,773.39	-					13,773.39					
Debt Securities				-										
Others				-										
Term Loan from Others			2,456.24	-					2,456.24					
Public Deposits				-										
Trade payables				-			6,525.73	-	6,525.73					
Lease Liabilities				-			304.12	-	304.12					
Provisions				-			268.12	-	268.12					
Others				-			163.08	-	163.08					
Other Financial Liabilities				-										
Other non-Financial Liabilities			5.00	-			1,645.99	-	1,650.99					
Current Tax Liabilities				-			57.87	-	57.87					
Total		39,554.57	28,701.10	-	-	-	48,446.66	-	1,16,702.33	-	39,554.57	-	-	39,554.57
Cover on Book Value		1.10			Not Applicable									
Cover on Market Value														1.11



Note: 1. The Market Value of Immovable Assets are taken as per External Valuation Report dated March 31, 2022
 2. The above amounts have been extracted from the un-audited financial results for the quarter and period ended December 31, 2023
 3. The Cost mentioned in Column C relating to Property, Plant & Equipment represents Cost to the Company (non-revalued)
 4. The Company has complied with all the covenants specified in respect of all Listed Non-Convertible Securities.



CSK PRABHU & CO
Chartered Accountants

PARTNERS

CSK PRABHU BCom FCA

MAHESH PRABHU BCom FCA DISA

SWETHA G N MCom FCA

ANNEXURE-F

Independent Auditor's Certificate on the manner of utilization of the funds raised through the Public Issue of Secured Redeemable Non-Convertible Debentures as required by Regulation 52(7) of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, ("the Listing Regulations")

To

Catalyst Trusteeship Limited
"GDA House",
Plot No.85, Bhusari Colony (Right)
Paud Road
Pune - 411038

Dear Sirs/Madam,

We, CSK Prabhu & Co., Chartered Accountants (ICAI FRN:002485S), the Statutory Auditors of Sakthi Finance Limited (hereinafter referred as "**the Company**") have been requested by the Company to verify and certify the utilization of funds raised through Public Issue of Secured Redeemable Non-Convertible Debentures (hereinafter referred to as "**the NCD Public Issue-7**") in terms of the Prospectus dated 10th April 2023 for the objects for which it was raised, as required by Regulation 52(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("**the Listing Regulations**").

The accompanying statement of utilization of proceeds of the NCD Public Issue-7 ("**the Statement**") during the period from 08.05.2023 to 31.12.2023 as per the requirements of the Listing Regulations has been prepared by the Management of the Company, which we have initialed for identification purposes only.

Management's Responsibility for the Statement

The preparation of the accompanying Statement is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.



Page 1 of 3

The Management is also responsible for ensuring:

- a. the utilization of funds is for the purpose for which it is raised; and
- b. compliance with the requirements of the Listing Regulations.

Auditor's Responsibility

Pursuant to the requirements of Regulation 52(7) of the Listing Regulations, it is our responsibility to obtain reasonable assurance and conclude as to whether the details provided in the Statement is in agreement with the books of accounts and other records for the period from 08.05.2023 to 31.12.2023.

We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control ("SQC") 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Accordingly, We have performed the following procedures in relation to the Statement:

- (a) read the Prospectus and obtained the details of Objects of the NCD Public Issue-7;
- (b) obtained the bank statement of the Company from 08.05.2023 to 31.12.2023 and traced the receipt and utilization of the funds.
- (c) verified the utilization of proceeds with books of accounts and other relevant records maintained by the Company; and
- (d) conducted relevant management inquiries and obtained necessary representations from the Company.

Opinion

Based on our examination as above, and the information and explanations given to us, the details provided in the Statement is in agreement with the books of accounts and other records for the period from 08.05.2023 to 31.12.2023 and the statement fairly presents, in all material respects, the manner of utilization of funds from the NCD Public Issue-7.



Restriction on Use

The Certificate is addressed to and provided to the Debenture Trustee of the Company solely for the purpose of enabling the Company to comply with its obligation under Regulation 52(7) of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

We have no responsibility to update this report for events and circumstances occurring after the date of this certificate.

**For CSK Prabhu & Co.,
Chartered Accountants
Firm Registration No.:002485S**




**CSK Prabhu
Partner**

Membership No:019811

UDIN: 24019811BKFAIY7891

**Coimbatore
08-02-2024**



Sakthi Finance

Since 1955

Statement containing details of manner of utilization of funds raised through the Public Issue of Secured Redeemable Non-Convertible Debentures (The NCD Public Issue-7)

A. Statement of utilization of Issue proceeds:(Rs. In Crores)

Name of the Issuer	ISIN	Mode of Fund Raising (Public issues/Private Placement)	Type of Instrument	Date of raising funds	Amount raised (Rs. In Crores)	Funds utilized	Any deviation (Yes/No)	If 8 is Yes, then specify the purpose of for which the funds were utilized	Remarks, if any
1	2	3	4	5	6	7	8	9	10
SAKTHI FINANCE LIMITED	INE302E07573	Public Issue	Non-Convertible Debentures	08/05/2023	13.49	146.86	No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07508	Public Issue	Non-Convertible Debentures	08/05/2023	19.53		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07540	Public Issue	Non-Convertible Debentures	08/05/2023	6.56		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07516	Public Issue	Non-Convertible Debentures	08/05/2023	15.40		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07557	Public Issue	Non-Convertible Debentures	08/05/2023	2.10		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07490	Public Issue	Non-Convertible Debentures	08/05/2023	2.51		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07565	Public Issue	Non-Convertible Debentures	08/05/2023	50.75		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07524	Public Issue	Non-Convertible Debentures	08/05/2023	16.16		No	NA	No Remarks
SAKTHI FINANCE LIMITED	INE302E07532	Public Issue	Non-Convertible Debentures	08/05/2023	20.36		No	NA	No Remarks
Total					146.86	146.86			

Note: The amount of Rs.146.86crores shown as "Funds utilised" in the above table relating to NCD Public Issue -7 comprises of Issue expenses Rs.4.07crores and amounts utilisedfor the objects stated in the NCD Public Issue -7 prospectus Rs.142.79crores, totaling to Rs.146.86crores.



Sakthi Finance Limited

62, Dr. Nanjappa Road, Coimbatore - 641 018, Tamilnadu, India.

Ph : (0422) 2231471 - 474, 4236200 Fax : (0422) 2231915 | www.sakthifinance.com | CIN : L65910TZ1955PLC000145


B. Statement of deviation/ variation in use of Issue proceeds:NIL

Statement of Deviation or Variation in utilisation of funds raised						
Name of listed entity		Sakthi Finance Limited				
Mode of Fund Raising		Public Issue				
Type of instrument		Non-Convertible Debentures				
Date of Raising Funds		08th May 2023				
Amount Raised		₹ 146.86 (INR Crores)				
Report filed for quarter year ended		31st December 2023				
Is there a Deviation / Variation in use of funds raised?		No				
Whether any approval is required to vary the objects of the issue stated in the prospectus / offer document?		No				
If yes, details of the approval so required?		Not Applicable since no deviation/variation				
Date of approval		Not Applicable since no deviation/variation				
Explanation for the Deviation / Variation		Not Applicable since no deviation/variation				
Comments of the audit committee after review		Not Applicable since no deviation/variation				
Comments of the auditors, if any		Not Applicable since no deviation/variation				
Objects for which funds have been raised and where there has been a deviation, in the following table		Not Applicable since no deviation/variation				
Original Object	Modified Object, if any	Original Allocation	Modified allocation, if any	Funds Utilised (₹ crores)	Amount of Deviation/ Variation for the half year according to applicable object (₹ lakhs and in %)	Remarks, if any
Not Applicable since no deviation/variation	Not Applicable since no deviation/variation	Not Applicable since no deviation/variation	Not Applicable since no deviation/variation	NA	Not Applicable since no deviation/variation	Nil

For and on behalf of
Sakthi Finance Limited

Coimbatore
08-02-2024




Srinivasan Anand
Chief financial Officer

A. Statement of Utilisation of NCD Public Issue VII Proceeds

Sl No	Name of the Issuer	ISIN	Mode of fund raising (Public Issues / private placement)	Type of Instrument	Date of Raising funds	Amount Raised (₹ crores)	Fund utilised (₹ crores)	Any Deviation Yes / No	If B, is yes then specify the purpose of which the funds were utilised	Remarks
1	2	3	4	5	6	7	8	9	10	
1	INE302E07573					13.49	13.49			
2	INE302E07508					19.53	19.53			
3	INE302E07540					6.56	6.56			
4	Sakthi Finance Limited		Public Issue	Secured Redeemable, Non-Convertible Debentures	8th May 2023 (Date of Allotment)	15.40	15.40	No	Not Applicable	Nil
5	INE302E07557					2.10	2.10			
6	INE302E07490					2.51	2.51			
7	INE302E07565					50.75	50.75			
8	INE302E07524					16.15	16.15			
9	INE302E07532					20.36	20.36			
Total						146.86	146.86			

Note: NCD Proceeds were utilised for the objects stated in the NCD Prospectus only. Fund utilised includes Debentures Issue expenses as on 31.12.2023

B. Statement of Deviation or Variation in utilisation of funds raised

Name of listed entity	Sakthi Finance Limited					
Mode of Fund Raising	Public Issue					
Type of Instrument	Secured, Redeemable Non-Convertible Debentures					
Date of Raising Funds	10th April 2023					
Amount Raised	₹ 146.86 (INR Crores)					
Report filed for quarter / year ended	31st December 2023					
Is there a Deviation / Variation in use of funds raised?	No					
Whether any approval is required to vary the objects of the issue stated in the prospectus / offer document?	No					
If yes, details of the approval so required?	NA					
Date of approval	NA					
Explanation for the Deviation / Variation	NA					
Comments of the audit committee after review	Nil					
Comments of the auditors, if any	Nil					
Objects for which funds have been raised and where there has been a deviation, in the following table						
Original Object	Modified Object, if any	Original Allocation	Modified allocation, if Utilised	Funds Utilised	Amount of Deviation/	Remarks, if any

Deviation could mean:

- (a) Deviation in the objects or purposes for which the funds have been raised
(b) Deviation in the amount of funds actually utilized as against what was originally disclosed.

Name of Signatory: Srinivasan Anand
Designation: Chief Financial Officer



Disclosures to be made in in terms of Regulation 30 of the SEB1 (Listing Obligations and Disclosure Requirements Regulations) 2015 in relation to the proposed NCD under Private Placement is set out below

Sl No	Particulars	Details
1	Size of the Issue	Secured Redeemable, Non-Convertible Debentures ("NCDs") of face value of ₹ 100,000 each at par for ₹ 100 crores by Private Placement Basis.
2	Whether proposed to be listed? (IF yes, name of the stock exchange(s))	Yes, BSE Limited
3	Tenure of the Instrument - date of the allotment and date of maturity	Will be decided by the NCD Issuance Committee at the time of approving the Final NCD Placement Memorandum
4	Coupon / interest offered, schedule of payment of coupon / interest and principal	Will be decided by the NCD Issuance Committee at the time of approving the final NCD Placement Memorandum
5	Charge / Security, if any, created over the assets	An identified immovable property and / or specified Hire Purchase receivables of the Company will be offered as security. Security Cover will be 100% of the debenture value
6	Special Rights / interest / privileges attached to the instrument and changes thereof	Nil
7	Delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest/principal	In the event of a payment default or any other event of default, of the amounts due under the issue, the issuer shall pay interest at such rate as may be stipulated / prescribed under applicable laws from the date of the occurrence of the payment default on the outstanding principal amount of the Debentures until such default is cured or the debentures are redeemed pursuant to such default, as applicable. If the coupon payment day is a holiday, then the coupon payment will be made on the immediately succeeding business/working day.





Sakthi Finance

Since 1955

Sl No	Particulars	Details
8	Details of any letter or comments regarding payment / non-payment of interest, principal on due dates, or any other matter concerning the security and / or the assets along with its comments thereon, if any	Not applicable
9	Details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures	Redemption will be made out of the profits of the company or out of funds raised through fresh issue for the purpose, as may be applicable.





INDEPENDENT AUDITOR'S REPORT

To the Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the Financial Statements of Sakthi Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2023, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)

Description of Key Audit Matter

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>4.1 Asset Classification</p> <p>Accuracy in identification and categorization of receivables from financing activities (loans) as performing and non-performing assets and in ensuring appropriate asset classification, existence and valuation of security/collaterals, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance with applicable guidelines/directions issued by Reserve Bank of India ("RBI").</p> <p>As part of our risk assessment, we determined that accuracy of asset classification has bearing on the Financial Statements as a whole. Given the complexity of the matter, we determined this to be a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off, including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions. • The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("ICAI"). • Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance. • We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI. • The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. • Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>4.2 Impairment of Loans (Expected Credit Losses) (Refer to the Accounting Policies in Note 2.g.(v) to the Financial Statements and Note 45 to the Financial Statements).</p> <p>Management's judgements in the calculation of impairment allowances have significant impact on the Financial Statements.</p> <p>The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial Instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> 1. Categorization of loans into Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> a. Exposures with significant increase in credit risk since their origination and b. Individually impaired / default exposures and determination of Exposure at Default ('EAD'). 2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate ECL. 3. The impact of different forward-looking information including future macro-economic factors in the determination of ECL. <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortized cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standards.</p> <p>The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.</p> <p>In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans. • For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation. • We also assessed the appropriateness of the impairment methodology adopted by the management including the presentation and disclosure requirements. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard. <p>Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.</p>



INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>4.3 Information technology system</p> <p>The dependence of Information technology ("IT") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated.</p> <p>In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> • IT infrastructure and applications relevant to the financial reporting. • Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("IS") Audit performed in respect thereof. • Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run. • The aspects covered in the IT systems General Control audit were: <ul style="list-style-type: none"> (i) User Access Management (ii) System maintenance controls have been ensured by understanding the design and the operating effectiveness of such controls in the system; • Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting. • Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.



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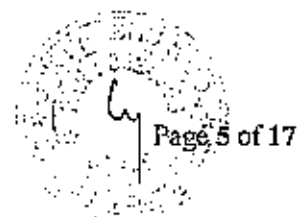
INDEPENDENT AUDITOR'S REPORT

Information other than the Financial Statements and auditor's report thereon

5. The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Financial Statements and our auditor's report thereon.
6. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the 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 Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
8. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Financial Statements

9. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance including Other 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 ("Ind AS") specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended.
10. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the Financial Statements, Management and Board of Directors' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
12. The Board of Directors is also responsible for overseeing the Company's financial reporting process.



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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the 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 of Auditing "SAs" will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
 - Conclude on the appropriateness of Management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. 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.

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INDEPENDENT AUDITOR'S REPORT

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

16. 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.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
19. (A) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company in electronic mode on servers physically located in India, so far as it appears from our examination of those books and further the process of taking daily back-up is in place. Refer Note 56 to the Financial Statements.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors as on 31 March 2023, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.



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INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements (continued)

- (B) 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, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Financial Statements - Refer Note 32(i) to the financial statements.
 - b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the financial statements.
 - d) (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 36(i) to the financial statements, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(ii) The Management has also represented that, to the best of its knowledge and belief, as disclosed in Note 36(j) to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
(iii) Based on the audit procedures performed 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) contain any material misstatement.
 - e) (i) The Equity dividend recommended for the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
(ii) The interim dividend declared and paid by the Company on Redeemable, Cumulative, Preference Shares during the current year is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.



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INDEPENDENT AUDITOR'S REPORT

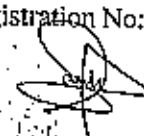
Report on Other Legal and Regulatory Requirements (continued)

- (ii) As stated in Note 57 to the financial statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.
- f) 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 the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to directors is within the limits laid down under Section 197 of the Act.

Coimbatore
26 May 2023

for CSK Prabhu & Co.
Chartered Accountants
Firm's Registration No: 0024858


Mahesh Prabhu
Partner
Membership No: 214194
UDIN: 23214194BGYQPT8995

CSK Prabhu & Co

Sakthi Finance Limited

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Financial Statements for the year ended 31 March 2023, we report the following:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Properties.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) On the basis of our examination of the records of the Company, Property, Plant and Equipment have been physically verified by the management at reasonable intervals and further no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) On the basis of our examination of the records of the Company and conveyance deeds/lease agreements and such other documents provided to us, the title deeds of all the immovable properties, disclosed in the Financial Statements, are held in the name of the company. Refer Note 36(a) to the Financial Statements. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the Financial Statements, the lease agreements are in the name of the company.
- (d) On the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company as at 31 March 2023 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 36(d) to the financial statements.
- (ii) (a) The Company is engaged in the business of providing loans and does not have any physical inventories. Accordingly, reporting under Clause 3(ii)(a) of the Order is not applicable.
- (b) During the year, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets (HP Loan/Finance Receivables). Based on our examination of the records of the Company, the applicable quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company. Refer Note 36(e) to the Financial Statements.
- (iii) (a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans. Therefore, the provisions of Clause (iii)(a)(A) and Clause (iii)(a)(B) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, wherever applicable, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.

- (c) On the basis of our examination of the records of the Company, in our opinion, in respect of loans and advances in the nature of loans given, the schedule of repayment of principal and payment of interest has been stipulated. Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans to customers, and in view of the voluminous nature of loan transactions generated in the normal course of the Company's business, it is not practicable to furnish the entity-wise details of the loan amount, due date for payment and extent of delay (as suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) and hence have not been reported. Further, except for loans where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed the loan asset classification/staging in Note 49.5 to the financial statements in accordance with the Indian Accounting Standards ("Ind AS") and the guidelines issued by the RBI, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest, as applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("NPAs"), in accordance with the provisions of the applicable Accounting Standards as disclosed in Note 49.5 to the Financial Statements and as per Accounting Policy described in Note 2.g.(v) to the Financial Statements and in accordance with the relevant guidelines of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("RBI") Guidelines/Directions have been followed in this respect. The total amount overdue for more than ninety days identified as at 31 March 2023 is as follows: Number of such Overdue Receivables is 2,252 cases (Previous Year 2,229 cases), Principal Amount Overdue is Rs.3,470.53 Lakhs (Previous Year: Rs.3,738.65 Lakhs), Interest Amount Overdue is Rs.738.07 Lakhs (Previous Year: Rs.778.13 Lakhs) and Total Amount Overdue is Rs.4,208.60 Lakhs (Previous Year: Rs.4,516.78 Lakhs).
- (e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the Order is not applicable.
- (f) 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 or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2023 stood at Rs.89.42 lakhs (Previous Year: Rs.92.48 lakhs) representing 0.07% (Previous Year 0.08%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of

Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.

- (iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act. The other provisions of Section 186 of the Act are not applicable to the Company as the Company is a Non-Banking Financial Company Registered with RBI.
- (v) In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, duty of excise, Value Added Tax or Cess or other statutory dues, as applicable, which have not been deposited on account of any dispute, except as mentioned below: Refer Note 32(i) to the Financials Statements.

Name of the statute	Nature of dues	Amount (₹ Lakhs)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Income Tax Act, 1961	Income tax	9.83*	2011-12	Assessing Officer

Income Tax Act, 1961	Income tax	174.92 (Gross Demand 217.16 * Less: Amount deposited under protest 42.24)	2015-16	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	1939.04 (Gross Demand 2082.34 * Less: Amount deposited under protest 143.30)	October 2009 to June 2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

* excluding appropriate Interest not determined

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.
- (ix) (a) 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 defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause (3)(ix)(f) of the Order is not applicable.
- (x) (a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures during the current financial year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised.



- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year under report.
- (xi) (a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit. Further we have not been informed of any such case by the management.
- (b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company. Accordingly, Clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards. (Refer Note 43 of Financial Statements)
- (xiv) (a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered all the internal audit reports issued to the Company for the period under audit.
- (xv) According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.
- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.
- (b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.
- (d) Based on the information and explanations provided to us by the management of the Company,




CSK Prabhu & Co

Sakthi Finance Limited

Annexure A to the Independent Auditor's Report

- the Group does not have any CICs as part of the Group.
- (xvii) The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- (xviii) There has been no resignation of 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 (Refer Note 38 and Note 45 (Liquidity Risk) to the financial statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) On the basis of information and explanations given to us by the Company, in respect of other than on-going projects, as at balance sheet date, the Company has no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) On the basis of information and explanations given to us by the Company, the Company has no on-going projects as at the balance sheet date. The Company has no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 37 to the financial statements).
- (xxi) According to information and explanations given to us, the company does not have any Subsidiary/Associate/Joint Venture and therefore is not required to prepare and present consolidated Financial Statements pursuant to the provisions of any statute. Accordingly, reporting under Clause (xxi) of para 3 of the Order is not applicable.

Coimbatore
26 May 2023

for CSK Prabhu & Co
Chartered Accountants
Firm's Registration No: 002485S

Mahesh Prabhu
Partner
Membership No: 214194
UDIN: 23214194BGYQPT8995

CSK Prabhu & Co

Sakthi Finance Limited

Annexure B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act
(Referred to in paragraph 19(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

1. We have audited the internal financial controls with reference to Financial Statements of Sakthi Finance Limited ("the Company") as at 31 March 2023 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

3. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. 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 Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.



CSK Prabhu & Co

Sakthi Finance Limited

Anexure B to the Independent Auditor's Report

Auditor's Responsibility (continued)

6. 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 with reference to Financial Statements.

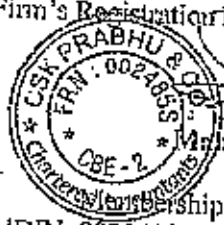
Meaning of Internal Financial Controls with Reference to Financial Statements

7. A company's internal financial controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to 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 Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Coimbatore
26 May 2023

for CSK Prabhu & Co
Chartered Accountants
Firm's Registration No: 002485S

M. Anesh Prabhu
Partner
Membership No: 214194
UDIN: 23214194BGYQPT8995

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2023

Particulars	Note	(₹ Lakhs)	
		As at 31st March 2023	As at 31st March 2022
ASSETS			
Financial Assets			
Cash and Cash Equivalents			
Bank Balances other than Cash and Cash Equivalents	3	3,002.79	1,449.51
Derivative Financial Instruments	4	42.91	1,129.31
Receivables		-	-
(i) Trade Receivables	5		
(ii) Other Receivables		226.21	169.25
Loans		18.39	16.56
Investments	6	1,14,500.10	1,10,311.20
Other Financial Assets	7	1,344.51	2,487.88
Non-Financial Assets	8	1,288.55	1,712.91
Current tax Assets (net)			
Deferred tax Assets (net)		33.15	17.40
Investment Property	9	395.30	217.94
Property Plant and Equipment	10	270.61	275.21
Right of use assets	11 (a)	5,844.58	5,946.63
Intangible Assets under development	11 (b)	1,059.12	1,093.60
Other Intangible Assets	11 (c)	-	-
Other Non-Financial Assets	11 (d)	156.58	179.46
Total Assets	12	1,875.19	1,936.14
		1,30,057.99	1,26,943.00
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
(i) Trade Payables	13		
(i) Total outstanding dues of micro enterprises and small enterprises		-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		156.15	127.76
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises			
Debt Securities		193.26	175.13
Borrowings (Other than debt securities)	14	48,792.43	41,560.04
Deposits	15	14,654.08	15,565.69
Subordinated Liabilities	16	2,444.17	8,540.60
Other Financial Liabilities	17	41,512.40	39,530.77
	18	1,384.96	1,426.14

BALANCE SHEET AS AT 31ST MARCH 2023 (CONTD...)

(₹ Lakhs)

Particulars	Note	As at 31st March 2023	As at 31st March 2022
Non-Financial Liabilities			
Provisions	19	135.49	122.65
Other Non-Financial Liabilities	20	97.78	99.55
EQUITY			
Equity Share Capital	21	6,470.59	6,470.59
Other Equity	22	14,216.68	13,323.80
Total Liabilities and Equity		1,30,057.99	1,26,943.00
The accompanying Notes form an integral part of the Financial Statements	1-59		

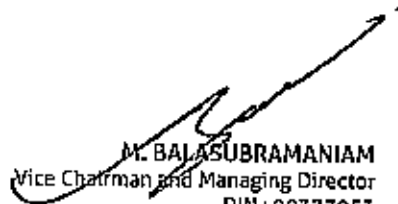
As per our report of even date
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No.: 0024855




MAHESH PRABHU
Partner
Membership No. 214194



Place : Coimbatore
Date : 26th May 2023



M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053




C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

For and on behalf of the Board



M. MANICKAM
Chairman
DIN : 00102233



SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
REVENUE FROM OPERATIONS			
Interest Income	23	18,476.72	17,566.97
Lease Rental Income		30.94	29.62
Fees and Commission Income	24	459.47	321.49
Sale of power from Wind Mills	25	173.13	177.88
Recovery of Bad Debts		40.34	37.75
Total Revenue from operations		19,180.60	18,133.71
Other Income	26	13.37	1.40
Total Income		19,193.97	18,135.11
Expenses			
Finance Costs	27	10,926.13	10,775.85
Fees and commission expense		107.44	183.02
Impairment on financial instruments	28	926.07	1,034.37
Employee Benefit Expenses	29 & 43	3,246.21	2,895.60
Depreciation and Amortization Expense	10, 11, 30	546.93	491.07
Other Expenses	31	1,705.22	1,463.16
Total Expenses		17,458.00	16,843.07
Profit before Exceptional and Extraordinary Items and Tax		1,735.97	1,292.04
Exceptional Items		-	-
Profit before Tax		1,735.97	1,292.04
Tax Expense:	41	486.60	340.16
- Current Tax		674.65	601.09
- Deferred Tax		(188.05)	(260.93)
Profit for the year		1,249.37	951.88
Other Comprehensive Income	22		
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		36.38	22.78
- Actuarial Changes in Defined benefit obligation		6.06	13.95
- Income Tax relating to items that will not be reclassified to profit or loss		(10.68)	(3.51)
Sub Total (A)		31.76	33.22
(B) Items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income (A+B)		31.76	33.22
Total Comprehensive Income		1,281.13	985.10
Earnings per Equity Share	2(ab) & 44		
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.98	1.52
- Diluted (₹)		1.98	1.52
The accompanying Notes form an integral part of the financial statements	1-59		

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024855




MAHESH PRABHU

Partner


Membership No. 214194

Place : Coimbatore

Date : 26th May 2023



M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053



C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

For and on behalf of the Board



M. MANICKAM
Chairman
DIN : 00102233



SRIKIVASAN ANAND
Chief Financial Officer
Membership No.020694

SAIKTHI FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note 21)

Current reporting year and previous reporting year

Particulars	(₹ Lakhs)	
	As at 31st March 2023	As at 31st March 2022
Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting year	6,470.59	6,470.59

B. OTHER EQUITY (Refer Note 22)

(1) Current reporting year (1st April 2022 to 31st March 2023)

(₹ Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-1C of RBI Act, 1934)	Retained Earnings	Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Accrual changes in defined benefit obligations		
Balance at the beginning of the current reporting period 1st April 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	24.37	-	-	13,323.80
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	24.37	-	-	13,323.80
Total Comprehensive Income for the year	-	-	-	-	-	-	1,249.37	27.22	-	-	-	4.53	-	-	1,281.12
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	249.87	(249.87)	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2023	-	-	52.61	1,429.80	4,436.00	3,792.92	4,463.43	13.02	-	-	-	28.90	-	-	14,216.68

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD...)

(2) Previous reporting year (1st April-2021 TO 31st March 2022)

(₹ Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 65-1C of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefits obligations		
Balance at the beginning of the current reporting period 1st April 2021	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	-	13.93	-	12,726.94
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	-	13.93	-	12,726.94
Total Comprehensive Income for the year	-	-	-	-	-	-	951.88	22.78	-	-	-	-	10.44	-	985.10
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	(190.38)	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	-	24.37	-	13,323.80

See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024855



MAHESH PRABHU

Partner

Membership No. 214194

Place : Coimbatore

Date : 26th May 2023

For and on behalf of the Board

(Signature)
M. MANICKAM
Chairman
DIN : 00102233

(Signature)
M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377055

(Signature)
C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

(Signature)
SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

SAKTHI FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
A. Cash flow from Operating activities			
Profit before tax		1,735.97	1,292.04
Adjustment to reconcile profit before tax to net cash flows :			
Non-cash expenses			
Depreciation, amortisation	30	546.93	491.07
Impairment on Loan Assets	28	680.88	878.54
Bad debts and write-offs	28	233.77	157.35
Remeasurement gain/(loss) on defined benefit plans		6.06	13.95
Impairment on investments	28	4.75	3.17
Impairment on Trade receivables	28	6.67	(4.69)
Amortization of fees and Commission on financial liabilities		172.69	268.34
Income/expenses considered separately			
Income from investing activities		(173.87)	(377.04)
Net gain/loss on derecognition of property, plant and equipment	31	2.39	0.12
Finance costs	27	10,926.13	10,775.85
Operating profit before working capital changes		14,142.37	13,498.70
Movements in Working Capital:			
Decrease/(increase) in Loans		(5,103.55)	(1,993.36)
Decrease / (increase) in Trade receivables		(63.63)	17.85
Decrease / (increase) in Other receivables		(1.83)	(13.04)
Decrease / (increase) in Other financial assets		444.19	134.35
Decrease / (increase) in Other non-financial assets		70.04	(1,587.65)
Increase / (decrease) in Trade Payables		28.11	(15.84)
Increase / (decrease) in Other Payables		18.13	23.65
Increase / (decrease) in Other financial liabilities		(27.93)	(300.77)
Increase / (decrease) in Other non- financial liabilities		(1.77)	31.09
Increase / (decrease) in Provisions		12.84	4.56
Cash generated from operations		(4,625.40)	(3,699.16)
Income taxes paid (net of refunds)		(690.40)	(665.78)
Interest received on Bank deposits	23	18.00	158.80
Finance costs paid		(9,007.44)	(9,082.00)
Net Cash flows from / (used in) operating activities (A)		(162.87)	210.56
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	11	(389.43)	(324.69)
Proceeds from sale of investments at amortised cost		1,185.67	200.00
Proceeds from sale of property, plant and equipment and intangible assets		4.11	0.03
Interest income received from investment at amortised cost	23	145.20	218.24
Increase in earmarked balances with banks		1,086.40	(753.52)
Net cash flows from / (used in) investing activities (B)		2,031.95	(659.94)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD...)

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2023	For the year ended 31st March 2022
C. CASH FLOW FROM FINANCING ACTIVITIES			
Issue Expense of Debt Securities		(9.09)	(12.78)
Proceeds from Debt securities		15,600.00	18,779.68
Repayment of Debt securities		(8,407.36)	(5,990.96)
Repayment of Deposits		(6,114.07)	(8,601.79)
Repayment of Other than debt securities		(2,421.07)	(3,528.23)
Proceeds from Subordinated liabilities		-	5,090.47
Repayment of Subordinated liabilities		33.83	(763.89)
(Increase) / Decrease in loan repayable on demand		1,443.79	(4,050.93)
Lease liability paid		(53.59)	1.45
Dividend paid	21	(388.24)	(388.24)
Net cash flows from financing activities (C)		(315.80)	534.78
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)		1,553.28	85.40
Cash and Cash Equivalents at the beginning of the year		1,449.51	1,364.11
Cash and cash equivalents as at the year ended		3,002.79	1,449.51
Net cash provided by / (used in) Operating Activities includes:			
Interest received		18,313.52	17,189.93
Interest paid		(9,007.44)	(9,082.00)
Net cash provided by / (used in) operating activities		9,306.08	8,107.93
Cash and cash equivalents as at the year ended	3		
i) Cash in hand		189.80	270.41
ii) Cheques on hand		106.58	48.71
iii) Balances with banks (of the nature of cash and cash equivalents)		2,706.41	1,130.39
Total		3,002.79	1,449.51

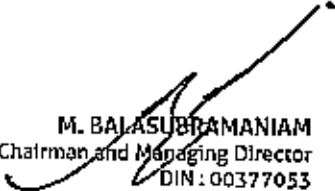
The above Cash Flow Statement has been prepared under the indirect method as set-out in Ind As-7 "Statement of Cash Flows".

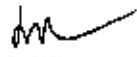
As per our report of even date
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No. : 0024855


MAHESH PRABHU
Partner
Membership No. 214194



Place : Coimbatore
Date : 26th May 2023


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053


C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

For and on behalf of the Board


M. MANICKAM
Chairman
DIN : 00102233


SRINIVASAN ANAND
Chief Financial Officer
Membership No. 020694

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") with Corporate Identification No L65910TZ1955PLC000145 incorporated on 30th March 1955 under the Indian Companies Act 1913 and domiciled in Coimbatore, is a Public Limited Company situated in Coimbatore. The Registered Office of the Company is situated at 62, Dr. Nanjappa Road, Coimbatore - 641018.

The Company is a Systemically Important Deposit-taking Non-Banking Financial Company ("NBFC") registered under Sec 45-IA of the Reserve Bank of India ("RBI") Act 1934 under certificate No. 07-00252 dated 8th May 1998. Pursuant to RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC Investment and Credit Company ("NBFC-ICC"). The Company is primarily engaged in the business of Hire Purchase Financing of Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have, at their meeting held on 26th May 2023, approved and authorized the issue of these Financial statements of the Company for the year ended 31st March 2023.

2. Summary of Significant Accounting Policies

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015, as amended and notified under Section 133 of the Companies Act 2013 ("the Act") and is in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act as applicable. Further, the Company has also complied with the Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 ("the NBFC Master Directions"), as amended and the notification on implementation of Indian Accounting Standards vide circular RBI/2019-20/170DQR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 ("RBI Notification on Implementation of Ind AS") issued by RBI.

Any application / guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

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

The regulatory disclosures, as required by NBFC Master Directions, are included in the Notes forming an

integral part of the financial statements, are prepared as per RBI Notification on "Implementation of Ind AS" dated 13th March 2020.

b. Basis of Preparation and Measurement

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

c. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III of Schedule III to the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet.

They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counter parties.

d. Functional and Presentation Currency

The Financial Statements are presented in Indian Rupees (₹) which is the Company's functional currency. All amounts are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

e. Significant accounting judgments, estimates and assumptions

Use of Estimates, Judgments and Estimation uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, which might have an effect on these financial statements.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in the preparation of financial statements are prudent and reasonable.

Estimates, judgments and underlying assumptions are reviewed on an on-going basis. Revision of estimates are recognized prospectively.

Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company. In the process of applying the Company's accounting policies, the management has made reasonable estimates and judgments in relation to the carrying amount of assets and liabilities at each balance sheet date.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

(i) Business Model Assessment

Classification and measurement of financial assets depends on the results of the Business Model Assessment and Solely Payments of Principal and Interest ("SPPI"). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets.

(ii) Defined employee benefit obligations

The cost of the defined benefit gratuity and leave encashment plan and the present value of the gratuity and leave encashment obligation are

determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

(iii) Fair value measurement

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iv) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(v) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can reliably be estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance Sheet date and revised to take account of changing facts and circumstances.

(vi) Effective Interest Rate ("EIR") method on Financial Assets

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant

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rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected behaviour and life-cycle of the instruments as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

(vii) Useful lives and residual values of Property Plant and Equipment, Investment Property and Intangible Assets are reviewed by the Company at the end of each Financial year.

f. New Accounting Standards issued but not yet effective / Recent Accounting Development

Ministry of Corporate Affairs ("MCA") has notified the following new amendments to Ind AS which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2023.

(i) Ind AS - 1 Presentation of Financial Instruments

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information together with other information is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(ii) Ind AS - 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

(iii) Ind AS - 12 Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give

rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

(iv) Ind AS - 102 Share Based Payments

The amendment regarding the change in the placement of a footnote aims in providing better clarity and context within the standard. The Company does not expect this amendment to have any significant impact in its financial statements.

(v) Ind AS - 107 Financial Instruments: Disclosures

The amendment aims to modify the disclosure requirements complementary to the amendments proposed in Ind AS 1. The Company does not expect this amendment to have any significant impact in its financial statements.

g. Financial Instruments

i. Initial Recognition and Measurement

Financial assets and Financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

ii. Classification and subsequent Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

a) At amortised cost

b) At Fair Value Through Other Comprehensive Income ("FVTOCI")

c) At Fair Value Through Profit or Loss ("FVTPL")

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss.

Financial Assets at Amortised Cost

The classification of financial assets such as Cash and Cash Equivalents, Loans, Trade Receivables and investments (other than those classified at

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FVTOCI) are measured at amortized cost based on the assessment of business model as follows:

Business Model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

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 and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meet SPPI test.

For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

Financial Assets at FVTOCI

Equity instruments

The Company has made an irrevocable election to classify and measure the equity instruments at FVTOCI to present the subsequent changes in Fair Value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Financial Liabilities at Amortised Cost

The company has classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till 31st March 2020, the issue expenses relating to public issue of Non-Convertible Debentures was set off against securities premium. From 1st April 2020 onwards, the amortised issue expenses are written off in the statement of profit and loss.

Recognition of Financial Instrument

- Loans and Advances are initially recognised when the when agreements are entered into with borrowers.
- Investments are initially recognised on the settlement / delivery date.

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- Debt securities, deposits and borrowings are initially recognised when funds received or date of allotment whichever is appropriate,
- Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

iv. Derecognition of Financial Instrument

Financial Assets

The Company derecognises the Financial Asset when and only when:

- The contractual rights to receive the cash flows from the financial asset have expired.
- The Company also derecognizes the Financial Asset if it has both transferred the Financial Asset and the transfer qualifies for derecognition. The Company has transferred the Financial Asset, if and only if, either:
- The Company has transferred its right to receive cash flows from the Financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer qualifies for derecognition only if either :

- a. the Company has transferred substantially all the risks and rewards of the asset, or
- b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between:

- a. the carrying amount (measured at the date of derecognition) and
- b. the consideration received is recognised in the statement of profit and loss.

Financial Liabilities

The Company derecognises the financial liability when and only when it is extinguished i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability is considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

On derecognition of a financial liability, the difference between:

- a. the carrying amount and

- b. the consideration paid is recognised in the statement of profit and loss.

v. Impairment of Financial Assets

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss ("FVTPL"), referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

The ECL is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has formulated a policy to perform an assessment, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information.

The expected credit loss is a product of Exposure at Default ('EAD'), Probability of Default ('PD') and Loss Given Default ('LGD'). The Company has devised an internal model to evaluate the LGD and PD based on the parameters set out in Ind AS 109. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets are held by the Company. LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future.

The Company incorporates forward-looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its

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measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents the most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL are recognised through the statement of profit and loss.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month's ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month's ECL to a lifetime ECL. The Company does the assessment of significant increase in credit risk at a borrower level. Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset as detailed below:

Stage 1

Financial assets, where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the

reporting date and that are not credit impaired upon origination, are classified under this Stage.

The Company classifies all standard loans and loans up to 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12 month's ECL for Stage 1 assets.

Stage 2

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment are classified under this Stage. 30 Days Past Due is considered under Stage 2. The Company provides Lifetime ECL for Stage 2 assets.

Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified under this Stage. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognized, a 100% PD is considered and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Definition of default

If the borrower is past due for more than 90 days on any material credit obligation to the Company or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ECL on Investment in Government securities

The Company has invested in Government Securities. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

Simplified approach for trade/other receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component.

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vi. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right in the event of default to set off the amounts which must not be contingent.

h. Collateral Valuation and Repossession

To mitigate its credit risks on financial assets, the Company seeks to use collateral such as movable and immovable assets, guarantees, etc, wherever applicable. To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers.

The Company physically repossesses and takes into custody properties or other assets to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. Assets held under legal repossession processes are not recorded in the balance sheet as it does not meet the recognition criteria in other standards and disclosed in the notes to Financial Statements.

i. Write-offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof, as per write-off policy of the Company. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit and loss.

j. Undrawn Loan Commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the borrower. They are not recognised in the Financial Statements. The Company did not have any undrawn loan commitments in the current financial year or the preceding year.

k. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company on the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The company applied the fair value hierarchy for the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are given below:

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable input that is significant to the measurement as a whole

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The Company determines appropriate classes of assets and liabilities on the basis of the following:

- a. the nature, characteristics and risks of the asset or liability; and
- b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument by instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

l. Property, Plant and Equipment ("PPE")

The Company has elected to use fair value for Land, Building and Plant and Machinery and carrying value for all other property, plant and equipment, Intangible assets as the deemed cost at the date of transition to Ind AS.

The Company recognises an item of Property, Plant and Equipment when:

- a. it is probable that future economic benefits associated with the item will flow to the Company; and
- b. the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditures related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance if it is probable that future economic benefits will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation

Depreciation is calculated by using the straight-line method to write down the cost of Property, Plant and Equipment (other than freehold land) to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period

of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed in Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

m. Intangible Assets and Amortisation

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over its estimated useful life, under straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of

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the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

n. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in Note 10. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer.

o. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment so as to determine the impairment loss if any, at the end of each reporting period.

p. Segment Reporting

The Company's main business is financing by way of loans in India. All other activities are not significant and incidental to the main business. Thus in the context of Ind AS 108 - "Operating Segment" is considered to constitute single reportable segment.

q. Employee Benefits

Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plan

Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employees provident fund and employees state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as an expense when an employee renders related service.

Defined Benefit Plans

Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an Independent Actuary using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

Other Long-Term Benefits

Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit or loss.

r. Revenue Recognition

i. Recognition of Interest Income on loans

The Company recognises interest income using EIR on all financial assets measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ("Stage 3"), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments/ non-payment of contractual cash flows is recognised on realization, since the probability / certainty of collecting such monies is established when the customer pays.

Interest Income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

ii. Dividend Income

Dividend income on equity shares is recognized when the Company's right to receive the payment is established by the reporting date and no significant uncertainty as to its collectability exists.

iii. Other Operating Income

The Company recognises 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 recognises revenue only on satisfactory completion of performance obligations. The Company recognises income on recoveries of financial assets written off on realisation basis.

iv. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset.

v. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of performance obligation at a point in time. Cheque Bouncing charges levied on customers for non-payment of instalment on the contractual date is recognised on realization, since the probability/ certainty of collecting such monies is established only when the customer pays. Foreclosure charges are collected from loan customers for early payment/ closure of loan and are recognised on realization, since the probability / certainty of collecting such monies is established only when the customer pays.

vi. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements entered into with State Electricity Board and on supply of power to the grid on satisfaction of performance obligation.

vii. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

s. Foreign Currency Transaction

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company have been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are translated at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any, that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

t. Borrowing Costs

Borrowing costs include interest expense calculated using the "EIR" as per Ind AS 109 on 'Financial Instruments' and interest in respect of lease liability is recognised in accordance with Ind AS 116.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

u. Finance costs

Finance costs include Interest Expenses computed by applying the "EIR" on the respective financial instruments measured at amortised cost. Financial Instruments include outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

v. Income Taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

i. Current tax

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

ii. Deferred Tax

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is

recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax relating to items recognized outside profit or loss is recognised either in other comprehensive income or in other equity.

w. Goods and Services Input Tax Credit

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising it. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

x. Leases

As a Lessee

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value on modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. On subsequent period, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental borrowing rate. The lease liability is measured in subsequent periods using the effective interest rate method. Right of Use asset is depreciated in accordance with the requirements of Ind AS 16 Property, Plant and Equipment.

The company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

As a Lessor

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

y. Provisions Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of

one or more uncertain future events not wholly within the control of the company.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

z. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity upto three months, which are subject to an insignificant risk of change in value.

aa. Cash Flow Statement

Cash flow Statements are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

ab. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
3. CASH AND CASH EQUIVALENTS		
Cash on hand	189.80	270.41
Balance with Banks in Current Accounts	2,706.41	1,130.39
Cheques, drafts on hand	106.58	48.71
Total	3,002.79	1,449.51
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts*	42.91	46.52
Term Deposits with Banks :		
- Free	-	900.00
- Under Lien #	-	182.79
Total	42.91	1,129.31

Details of Term Deposits under lien

Particulars	As at 31st March 2023		As at 31st March 2022	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets**	-	-	182.79	9.20
Total	-	-	182.79	9.20

* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the Company.

** Includes minimum bank balance

5. RECEIVABLES

(i) Trade Receivables

Unsecured - Considered good

- Unsecured - Considered good

- Unsecured - Credit Impaired

Less: Impairment Loss Allowance (Refer Note 2(g)(v))

Total

101.83

97.37

175.53

116.35

(51.15)

(44.47)

226.21

169.25

(ii) Other Receivables

Unsecured - Considered good

Rent Receivables

Total

18.39

16.56

18.39

16.56

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

Trade Receivables Ageing Schedule as at 31st March 2023

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	25.24	76.59	-	-	-	101.83
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	91.47	83.57	0.49	175.53
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(5.67)	(20.30)	(16.98)	(8.15)	(0.05)	(51.15)

Trade Receivables Ageing Schedule as at 31st March 2022

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	23.48	73.89	-	-	-	97.37
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	100.81	15.54	-	116.35
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(4.66)	(19.59)	(18.71)	(1.51)	-	(44.47)

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
Impairment Loss Allowance - Opening	44.47	49.16
Add: Additions during the year	25.98	22.58
(Less): Reductions during the year	(19.30)	(27.27)
Impairment Loss Allowance - Closing	51.15	44.47

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
6. LOANS		
(A) Loans (at amortised cost) *		
Hire Purchase Loans#	1,18,495.88	1,14,406.27
Loans Repayable on Demand	897.82	105.56
Other Loans ##	298.54	310.64
Total (Gross)	1,19,692.24	1,14,822.47
Less: Impairment Loss Allowance (Refer Note 45)	(5,192.14)	(4,511.27)
Total (Net)	1,14,500.10	1,10,311.20
(B) (i) Secured by Tangible Assets Financed	1,18,495.88	1,14,406.27
(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Securities	-	-
(iv) Unsecured	1,196.36	416.20
Total (Gross)	1,19,692.24	1,14,822.47
Less: Impairment Loss Allowance (Refer Note 45)	(5,192.14)	(4,511.27)
Total (Net)	1,14,500.10	1,10,311.20
(C) (i) Loans in India		
(a) Public Sector		
(b) Others	1,19,692.24	1,14,822.47
Total (Gross)	1,19,692.24	1,14,822.47
Less: Impairment Loss Allowance (Refer Note 45)	(5,192.14)	(4,511.27)
Total (Net) - C (i)	1,14,500.10	1,10,311.20
(ii) Loans Outside in India	-	-
Less: Impairment Loss Allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ ii)	1,14,500.10	1,10,311.20

* There are no loan assets measured or designated at FVTOCI or FVTPL

Includes Repossessed Assets (Refer Note 2(h)) and Related Party Transactions (Refer Note 43)

Represents Staff Loans

Refer Note 45 on Financial Risk Management Framework for an overview of Stagewise Classification of Gross Carrying Amount and Expected Credit Loss of Loan Assets.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars			As at 31st March 2023	As at 31st March 2022
7. INVESTMENTS				
At Amortised Cost				
Investments in Government Securities	Number	Face Value per unit (₹)		
Quoted				
Bonds of Central and State Governments #	11,93,000	100	1,194.69	2,374.44
Total (A)			<u>1,194.69</u>	<u>2,374.44</u>
At Fair value through Other Comprehensive Income				
Quoted				
Investments in Equity Instruments (Refer Note 2(g)(ii))				
Sakthi Sugars Limited	5,52,833	10	111.45	75.07
Chokhani International Limited	100	10	0.02	0.02
Total (B)			<u>111.47</u>	<u>75.09</u>
Unquoted				
Investments in Equity Instruments				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
ABT Co-operative Stores Limited	500	10	0.05	0.05
Stiles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
Total (C)			<u>38.41</u>	<u>38.41</u>
Total (Gross) - (A+B+C)			<u>1,344.57</u>	<u>2,487.94</u>
(i) Investments Outside India			-	-
(ii) Investments In India			<u>1,344.57</u>	<u>2,487.94</u>
Total			<u>1,344.57</u>	<u>2,487.94</u>
Less: Impairment Loss Allowance			0.06	0.06
Total (Net)			<u>1,344.51</u>	<u>2,487.88</u>
<p># In accordance with Master Direction - Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016 (as amended), the Company has created a floating charge on the statutory liquid assets comprising investment in Government securities on the above investments in favour of (DBI) Trusteeship Services Ltd, trustee representing the Public Deposit holders of the company.</p>				
8. OTHER FINANCIAL ASSETS				
- Interest accrued on Government Securities			22.82	52.71
- Interest accrued on Term Deposits				
- Free			-	4.84
- Under Lien (Refer Note 4)			-	9.20
- Security Deposits			235.10	260.20
- Other Loans and Advances			1,022.85	1,370.36
- Advance to Employees			7.78	15.60
Total			<u>1,288.55</u>	<u>1,712.91</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
9. DEFERRED TAX ASSETS (net)*		
a. Application of Expected Credit Loss on Financial Assets	1,109.27	982.42
b. Employee benefit expenses	34.10	30.87
c. Right of Use Assets and Lease Liabilities	5.73	7.84
d. Application of EIR on Financial Liabilities	(50.03)	(64.83)
e. Differences in carrying amount of Property, Plant and Equipment	(703.77)	(738.36)
Total	395.30	217.94

* Refer Note 41

10. a) INVESTMENT PROPERTY*

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2021	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2022	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2023	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2021	-	13.80	13.80
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2022	-	18.40	18.40
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2023	-	23.00	23.00
Net Carrying amount			
As at 31st March 2022	66.87	208.34	275.21
As at 31st March 2023	66.87	203.74	270.61
Useful Life of the Asset (In Years)	-	60	-

*Refer Note 2(n)

10. b) Rental Income with respective expenses

Particulars	Year ended 31st March 2023	Year ended 31st March 2022
Rental Income - Building	-	2.32
Direct operating expenses	1.35	0.42

10. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
Sensitivity analysis						
Investment Property As at 31st March 2023	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2022	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

11 (a) Property, Plant and Equipment - Tangible Assets*

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at 1st April 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Additions	1.56	-	4.20	-	22.79	-	38.03	66.58
Disposals	-	-	0.23	-	-	-	-	0.23
Carrying Amount as at 31st March 2022	2,766.47	1,712.89	98.18	1,615.39	359.99	97.16	248.96	6,899.04
Additions	-	17.28	27.54	-	22.31	-	86.53	153.66
Disposals	-	1.29	6.88	-	3.39	0.47	3.28	15.31
Carrying Amount as at 31st March 2023	2,766.47	1,728.88	118.84	1,615.39	378.91	96.69	332.21	7,037.39
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Depreciation for the year	-	49.32	8.01	104.57	36.52	12.71	30.96	242.09
Depreciation on disposals	-	-	0.08	-	-	-	-	0.08
Balance as at 31st March 2022	-	211.32	30.38	418.28	136.40	52.27	103.76	952.41
Depreciation for the year	-	47.99	8.39	104.57	37.87	11.36	39.02	249.20
Depreciation on disposals	-	0.09	4.18	-	1.97	0.17	2.39	8.80
Balance as at 31st March 2023	-	259.22	34.59	522.85	172.30	63.46	140.39	1,192.81
Net Carrying amount								
As at 31st March 2022	2,766.47	1,501.57	67.80	1,197.11	223.59	44.89	145.20	5,946.63
As at 31st March 2023	2,766.47	1,469.66	84.25	1,092.54	206.61	33.23	191.82	5,844.58
Useful Life of the Asset (In Years)	-	60	15	22	10	8	10	

*Refer Note 2(i) & 36(a)

The Company has not revalued any of its Property, Plant and Equipment during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

Freehold land is not depreciated

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2023 (Refer Note 14 & 15)

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
As at 31st March 2023	173.80	1,317.74	-	-	-	-	-	1,491.54
As at 31st March 2022	173.80	1,347.64	-	-	-	-	-	1,521.44

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

**Capital Work in Progress (CWIP) ageing schedule
As at 31st March 2023**

(₹ Lakhs)

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work In Progress, whose completion is overdue or has exceeded its cost compared to its original plan
As at 31st March 2022

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

11 (b) Right of use Assets*

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	1,484.56
Additions	240.82
Disposals	-
Carrying Amount as at 31st March 2022	1,725.38
Additions	220.17
Disposals	-
Carrying Amount as at 31st March 2023	1,945.55
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2021	414.06
Depreciation for the year	217.72
Depreciation on Disposals	-
Balance as at 31st March 2022	631.78
Depreciation for the year	254.65
Depreciation on Disposals	-
Balance as at 31st March 2023	886.43
Net Carrying amount	
As at 31st March 2022	1,093.60
As at 31st March 2023	1,059.12
Useful Life of the Asset (In Years)	3

*Refer Note 2(x) & Refer Note 48

The above note provides information for leases where the Company is a lessee.

The Company has not revalued any of its Right of Use Assets during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

11 (c) Intangible Assets under development*

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	86.27
Additions	10.99
Disposals	97.26
Carrying Amount as at 31st March 2022	-
Additions	-
Disposals	-
Carrying Amount as at 31st March 2023	-
As at 31st March 2022	-
As at 31st March 2023	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Intangible Assets under Development ageing schedule

As at 31st March 2023

(₹ Lakhs)

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2022

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

*Refer Note 2(m)

11 (d) Other Intangible Assets - Computer Software*

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2021	278.86
Additions	103.56
Disposals	-
Carrying Amount as at 31st March 2022	382.42
Additions	15.60
Disposals	-
Carrying Amount as at 31st March 2023	398.02
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2021	176.29
Depreciation for the year	26.67
Depreciation on disposals	-
Balance as at 31st March 2022	202.96
Depreciation for the year	38.48
Depreciation on disposals	-
Balance as at 31st March 2023	241.44
Net Carrying amount	
As at 31st March 2022	179.46
As at 31st March 2023	156.58
Useful Life of the Asset (In Years)	6

*Refer Note 2(m)

The Company has not revalued any of its Intangible Assets during the year ended March 31, 2023 and year ended March 31, 2022. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
12. OTHER NON-FINANCIAL ASSETS		
Considered good-Unsecured		
- Advance for Property, Plant and Equipment	1,500.00	1,500.00
- Prepaid Expenses	62.65	124.34
- GST Input Tax Credit	289.33	289.17
- NCD Public Issue Expenses	21.87	12.78
- Others	1.34	9.85
Total	1,875.19	1,936.14

Refer Note 43 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

LIABILITIES AND EQUITY

13. PAYABLES

(I) Trade Payables

(i) Total outstanding dues of micro enterprises and small enterprises	-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	156.15	127.76

(II) Other Payables

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	193.26	175.13
Total	349.41	303.17

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a) Dues remaining unpaid to any supplier at the year end		
- Principal	-	0.28
- Interest on the above	-	-
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
Total	-	0.28

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Trade Payables Ageing Schedule as at 31st March 2023

(₹ Lakhs)

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	-	349.41	-	-	-	349.41
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Trade Payables Ageing Schedule as at 31st March 2022

Particulars	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	0.28	-	-	-	0.28
Others	-	302.89	-	-	-	302.89
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Particulars	As at 31st March 2023	As at 31st March 2022
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14. DEBT SECURITIES

At Amortised Cost

Redeemable, Non-Convertible Debentures - Secured

48,792.43

41,560.04

Total

48,792.43

41,560.04

Debt Securities in India

48,792.43

41,560.04

Debt Securities outside India

-

-

Total

48,792.43

41,560.04

Note:

- There are no debt securities measured at FVTOCI or designated at FVTPL.
- The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹ 53,357.41 lakhs (31st March 2022: ₹ 45,051.25 Lakhs).
- For Debt securities subscribed and held by the related parties, Refer Note 43

Details of Redeemable, Non-Convertible Debentures - Secured:

Particulars	As at 31st March 2023	As at 31st March 2022
A. Issued on private placement basis - Face Value of Rs 1,000/-		
- Repayable on maturity:		
Interest Range 8.75% to 10%		
Maturing within 1 year	4,935.30	3,920.00
Maturing between 1 to 2 years	3,426.50	3,938.30
Maturing between 2 to 3 years	2,147.00	2,454.50
Maturing between 3 to 4 years	175.00	-
Maturing between 4 to 5 years	1,309.00	-
Sub-Total (A)	11,992.80	10,312.80
Add : Interest accrued but not due	472.26	454.95
Less: unamortized charges	60.71	44.46
(A) Total Amortized Cost	12,404.35	10,723.29

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
B) Public Issue - Face value of ₹1,000/-		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	11,652.10	5,324.98
Maturing between 1 years to 2 years	8,591.88	11,652.10
Maturing between 2 years to 3 years	6,766.39	6,530.39
Maturing between 3 years to 4 years	353.94	5,673.13
Maturing between 4 years to 5 years	6,491.31	-
Sub-Total (B)	33,855.62	29,180.60
Add : Interest accrued but not due	2,923.43	1,999.49
Less: unamortized charges	390.97	343.34
(B)Total Amortized Cost	36,388.08	30,836.75
TOTAL (A)+(B)	48,792.43	41,560.04
Total Amortized Cost (A + B)	48,792.43	41,560.04

15. BORROWINGS (OTHER THAN DEBT SECURITIES)*

At amortized cost

Term Loans -Secured

- From Banks

2,408.38 3,810.72

- From Other Lenders

287.79 1,240.84

Loan Repayable on Demand

- Cash Credit Facilities and Working Capital Demand Loan from Banks (Secured)

11,957.91 10,514.13

Total

14,654.08 15,565.69

Borrowings in India

14,654.08 15,565.69

Borrowings outside India

- -

Total

14,654.08 15,565.69

There are no borrowings measured at FVTOCI or designated at FVTPL

*Refer Note 36 (e) & 36 (f).

a) Term loans from Banks are secured as under :

i) State Bank of India

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commence-ment date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025		Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	2,333.95	3,365.80
2	600.00	7.25%	30.11.2020	30.04.2022			-	22.00
Add : Interest accrued but not due							-	-
Less: unamortized charges							29.92	43.22
Total Amortized Cost							2,304.03	3,344.58

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

ii) IndusInd Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3	Hypothecation of specified Hire Purchase receivables	68.62	303.81
2	350.00	12.00%	04.03.2020	04.06.2023	3		34.81	161.69
Add : Interest accrued but not due							0.92	4.13
Less: unamortized charges							-	3.49
Total Amortized Cost							104.35	466.14

b) Term loans from other Lenders are secured as under:

i) Shriram Transport Finance Company Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2023	Amount outstanding as on 31 March 2022
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	252.42	826.37
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		33.46	408.04
Add : Interest accrued but not due							2.74	11.43
Less: unamortized charges							0.83	5.00
Total Amortized Cost							287.79	1,240.84

c) Loans repayable on demand - Cash credit facilities with banks (secured)

(₹ Lakhs)

Particulars	As at 31st March 2023		As at 31st March 2022	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.85%	11,965.61	9.65 % to 12.25%	10,516.14
Add : Interest accrued but not due		34.69		25.77
Less: unamortized charges		42.39		27.78
Total Amortized Cost		11,957.91		10,514.13

The cash credit facilities and Working Capital Demand Loan from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The company has also extended collateral security of Company's Building and land belonging to a Director..

d) There is no default in repayment of loans and interest thereon.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
16. DEPOSITS (UNSECURED)		
At amortized cost		
Public Deposits	2,444.17	8,540.60
Total	2,444.17	8,540.60

There are no Deposits measured at FVTOCI or designated at FVTPL

Details of Deposits - Unsecured :

Particulars	As at 31st March 2023	As at 31st March 2022
- Repayable on maturity:		
Interest Range 8.25% to 9%		
Maturing within 1 year	2,168.62	5,544.55
Maturing between 1 to 2 years	-	2,217.84
Sub-Total	2,168.62	7,762.39
Add : Interest accrued but not due	279.18	799.48
Less: unamortized charges	3.63	21.27
Total Amortized Cost	2,444.17	8,540.60

For Deposits repaid to related parties, Refer Note 43

17. SUB-ORDINATED LIABILITIES (UNSECURED)

At amortized cost		
Redeemable, Non-Convertible Debentures - Unsecured	12,281.44	11,640.38
Redeemable Cumulative Preference Shares ("RCPS")	1,495.30	1,490.29
Sub-Ordinated Liabilities	27,735.66	26,400.10
Total	41,512.40	39,530.77
Sub-Ordinated Liabilities in India	41,512.40	39,530.77
Sub-Ordinated Liabilities outside India	-	-
Total	41,512.40	39,530.77

There are no Sub-ordinated liabilities measured at FVTOCI or designated at FVTPL

Terms/rights attached to RCPS

The RCPS do not have voting rights other than matters which directly affect them. In the event of dividend payable remains unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31st March 2023, the Company declared and paid an interim dividend of ₹ 123.75 lakhs after deduction of TDS of ₹ 5.09 lakhs on RCPS of ₹ 100 each fully paid (31st March 2022 : ₹ 134.06 lakhs)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

Details of Sub-Ordinated Liabilities - Unsecured :

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
A) Redeemable Non-Convertible Debentures - Unsecured :		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 1 years to 2 years	4,374.80	-
Maturing between 2 years to 3 years	1,603.70	4,374.80
Maturing between 3 years to 4 years	4,759.47	1,603.70
Maturing between 4 years to 5 years	-	4,759.47
Sub-Total (A)	10,737.97	10,737.97
B) Preference Shares		
Repayable on maturity:		
8.25% Redeemable Preference Shares		
Maturing within 1 year	1,169.00	-
Maturing between 2 years to 3 years	331.00	1,500.00
Sub-Total (B)	1,500.00	1,500.00
C) Sub-Ordinated Debts		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing within 1 year	9,914.40	-
Maturing between 1 to 2 years	12,221.80	9,914.40
Maturing between 2 to 3 years	1,244.40	12,221.80
Maturing between 3 to 4 years	-	1,244.40
Sub-Total (C)	23,380.60	23,380.60
Sub-Total (A+B+C)	35,618.57	35,618.57
Add : Interest accrued but not due		
A) Redeemable Non-Convertible Debentures - Unsecured	1,637.06	1,027.31
B) Preference Shares	-	-
C) Sub-Ordinated Debts	4,411.64	3,122.15
Less: Unamortized charges		
A) Redeemable Non-Convertible Debentures - Unsecured	93.59	124.89
A) Preference Shares	4.70	9.71
B) Sub-Ordinated Debts	56.58	102.66
Total amortized cost	41,512.40	39,530.77

In respect of Sub-Ordinated Liabilities held by related parties, Refer Note 43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	(₹ Lakhs)	
	As at 31st March 2023	As at 31st March 2022
18. OTHER FINANCIAL LIABILITIES		
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)		
- Unclaimed dividends	42.80	46.42
- Unclaimed matured deposits and Interest accrued thereon	258.78	251.20
- Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	21.78	25.41
- Unclaimed matured debentures and Interest accrued thereon	38.73	180.40
- Unclaimed Redeemable Cumulative Preference Shares	13.00	13.00
Advances from Customers	487.73	450.33
Security Deposits	149.22	73.21
Lease Liabilities - Refer Note No 48	372.92	386.17
Total	1,384.96	1,426.14
Note : Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 500 have not been transferred into Investor Education and Protection Fund, due to pending legal proceedings.		
19. PROVISIONS		
Provision for Employee Benefits		
Provision for bonus	67.41	53.00
Provision for gratuity (net) (Refer Note 42)	8.84	8.69
Provision for leave encashment (Refer Note 42)	59.24	60.96
Total	135.49	122.65
20. OTHER NON-FINANCIAL LIABILITIES		
Tax Deducted at source	97.78	99.55
Total	97.78	99.55
21. SHARE CAPITAL		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each (FY 2022 : 10,00,00,000 Equity Shares of ₹ 10 each)	10,000.00	10,000.00
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each (FY 2022 : 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)	3,000.00	3,000.00
	13,000.00	13,000.00
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up (FY 2022 : 6,47,05,882 Equity Shares of ₹ 10 each)	6,470.59	6,470.59
	6,470.59	6,470.59

Shares held by promoters as at 31st March 2023 :

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

Shares held by promoters as at 31st March 2022 :

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

a) Reconciliation of shares outstanding at the beginning and end of the year (₹ Lakhs)

Particulars	As at 31st March 2023		As at 31st March 2022	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59
Add: Allotment of Equity Share on preferential basis made during the year	-	-	-	-
Number of Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

Aggregate number of equity shares issued for consideration other than cash / Bonus shares issued during the year : Nil
Aggregate number of equity shares bought back by the Company during the year : Nil

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2023		As at 31st March 2022	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
Sakthi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
Avdhoot Finance and Investment Private Limited	8.69	56,24,208	8.69	56,24,208
Sakthi Management Services (Coimbatore) Limited	6.70	43,35,434	6.70	43,35,434
Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
The Gounder and Company Auto Limited	6.07	39,25,000	6.07	39,25,000
ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting and the dividend amount has not been recognised as a liability in Financial Statements. The Board of Directors have, at their meeting held on 26th May 2023, recommended for consideration a dividend of 7 per cent, ₹ 0.70 per share (Dividend for 31st March 2022 : ₹ 0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

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.

The proposed dividend for the Financial Year 2022-23 adheres to the ceiling limits on dividend payout ratios for NBFCs, as prescribed by the Reserve Bank of India in Notification RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated 24th June 2021.

Details of Dividends proposed (₹ Lakhs)

Particulars	31st March 2023	31st March 2022
Face Value per share (₹)	10.00	10.00
Dividend Percentage	7%	6%
Dividend per Share (₹)	0.70	0.60
Dividend on equity shares	452.94	388.24
Total Dividend	452.94	388.24

Note : The dividends proposed for the financial year 31st March 2023 will be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
22. OTHER EQUITY		
Reserves and Surplus		
Capital Reserve		
Balance as at the Opening and Closing of the year	52.61	52.61
Securities Premium		
Balance as at the Opening and Closing of the year	1,429.80	1,429.80
General Reserve		
Balance as at the Opening and Closing of the year	4,436.00	4,436.00
Statutory Reserve as per Section 45-IC of the RBI Act 1934		
Opening Balance	3,543.05	3,352.67
Add : Transfer from Retained Earnings	249.87	190.38
Closing balance	3,792.92	3,543.05
Retained Earnings		
Opening Balance	3,852.17	3,478.91
Add : Profit after tax for the year	1,249.37	951.88
	5,101.54	4,430.79
Less: Appropriations		
Equity Dividend (₹ 0.60 per share)	388.24	388.24
Transfer to Statutory Reserve	249.87	190.38
Closing Surplus	4,463.43	3,852.17
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	(14.20)	(36.98)
Add : Income/(Expenses) for the year	27.22	22.78
Closing Balance	13.02	(14.20)
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	24.37	13.93
Add : Income/(Expenses) for the year	4.53	10.44
Closing Balance	28.90	24.37
Closing Balance (i) + (ii)	41.92	10.17
Total	14,216.68	13,323.80

Nature and purpose of reserves

Capital reserve: Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

Securities Premium: The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

General reserve: Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 ("the Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Debenture redemption reserve:

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required to deposit or invest, before 30th day of April of each year as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly the Company, subsequent to the year end has invested a sum of ₹ 1,748 lakhs (Previous Year ₹ 900 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of The Reserve Bank of India Act 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

(1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

(2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twentyone days by such further period as it thinks fit or condone any delay in making such report.

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

Other Comprehensive Income: Other Comprehensive Income comprises items of income and expenses that are not recognised in profit and loss as required or permitted by other Ind AS. They comprise of the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive Income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

Proposed dividend: The Board of Directors of the Company have recommended a dividend of 7% being ₹ 0.70 per share on the equity shares of the Company, for the year ended 31st March 2023 (₹ 0.60 per share - 31st March 2022) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10. (Also Refer Note 57)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
23. INTEREST INCOME		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	18,143.55	17,017.64
Interest from:		
- Loans	169.97	172.29
- Bank deposits	18.00	158.80
- Investments	145.20	218.24
Total	<u>18,476.72</u>	<u>17,566.97</u>
There are no income on Financial Instruments measured at FVTOCI		
24. FEES AND COMMISSION (Service rendered at a point in time)		
- Service Charges	379.02	254.83
- Stamp and documentation charges	80.45	66.66
Total	<u>459.47</u>	<u>321.49</u>
25. SALE OF POWER FROM WIND MILLS		
Income from Wind mill -Sale of Electricity	173.13	177.88
Total	<u>173.13</u>	<u>177.88</u>
26. OTHER INCOME		
- Profit on Sale of Investment	10.67	-
- Miscellaneous income	2.70	1.40
Total	<u>13.37</u>	<u>1.40</u>
27. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
- Deposits	422.82	1,084.82
- Borrowings	1,534.72	1,920.21
- Debt Securities	4,515.29	3,672.04
- Sub-Ordinated Liabilities	4,064.50	3,723.67
- Lease Liability (Refer Note 48)	20.51	36.28
Bank Charges	95.99	121.13
Debenture Issue Expenses	272.30	217.70
Total	<u>10,926.13</u>	<u>10,775.85</u>
There are no Finance Costs measured at FVTOCI		
28. IMPAIRMENT ON FINANCIAL INSTRUMENTS		
(On Financial instruments measured at amortised cost)		
Loans (Refer Note 6)	680.88	878.54
Trade Receivables (Refer Note 5)	6.67	(4.69)
Investments	4.75	3.17
Bad Debts written off	233.77	157.35
Total	<u>926.07</u>	<u>1,034.37</u>
There are no impairment on Financial Instruments measured at FVTOCI		

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
29. EMPLOYEE BENEFIT EXPENSES		
Salaries and wages (Refer Note 43)	2,917.01	2,608.36
Contributions to Provident and Other Funds	101.32	98.88
Staff Welfare Expenses	175.76	128.44
Gratuity (Refer Note 42)	20.26	21.51
Leave Encashment (Refer Note 42)	31.86	38.41
Total	3,246.21	2,895.60
30. DEPRECIATION AND AMORTIZATION		
Depreciation on Property plant and Equipment (Refer Note 11 (a) & 2 (l))	249.20	242.08
Depreciation on Investment property (Refer Note 10 (a) & 2 (n))	4.60	4.60
Amortization - Intangibles (Refer Note 11 (d) & 2 (m))	38.48	26.67
Amortization - Right of use assets (Refer Note No 48)	254.65	217.72
Total	546.93	491.07
31. OTHER EXPENSES		
Rent (Refer Note 48)	27.32	35.39
Rates, Taxes and Licences	145.81	121.98
Stamping on documents	17.64	11.93
Communication	45.48	45.66
Insurance	15.25	12.99
Travelling and Conveyance	403.08	298.74
Printing and Stationery	49.77	34.24
Power and Fuel	43.64	29.50
Advertisements	13.29	17.02
Auditor's Remuneration : (Refer Note 26(i) of Corporate governance report)		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	9.00
- Certification Fee	12.83	7.65
- Reimbursement of Expenses	2.64	2.87
Legal and Professional Charges	323.37	309.84
Repairs and Maintenance on:		
- Buildings	71.76	57.99
- Machinery	93.20	86.51
- Information Technology	243.61	218.49
- Other Assets	40.09	26.85
Filing Fees	9.63	9.80
Directors' Sitting Fees (Refer Note 43)	44.70	34.70
Corporate Social Responsibility Expenses (Refer Note 37)	40.06	37.04
Loss on Sale of Property, Plant and Equipment	2.39	0.12
Miscellaneous Expenses	34.66	38.85
Total	1,705.22	1,463.16

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
32. (i) CONTINGENT LIABILITIES		
(i) Claims against the Company not acknowledged as debt;		
a) Income Tax issues	226.99	226.99
Less : Amount paid under protest	42.24	-
	<u>184.75</u>	<u>226.99</u>
<p>The Company has disputed Income Tax demand pertaining to the Assessment year 2012-13 for an amount of ₹ 9.83 Lakhs (Previous year : ₹ 9.83 Lakhs) in relation to disallowance under Section 14A of the Income Tax Act. The matter is pending with Assessing Officer.</p> <p>The Company has disputed Income Tax Demand pertaining to the Assessment year 2016-17 for an amount of ₹ 217.16 Lakhs (Previous year : ₹ 217.16 Lakhs) in relation to certain disallowances under Income Tax Act. The matter is pending before Commissioner of Income Tax (Appeals). During the Financial year 2022-23 the Company has remitted an amount of ₹ 42.24 Lakhs under protest against the demand.</p>		
b) Service Tax Issues	2,082.34	1,426.92
Less : Amount paid under protest	143.30	98.63
	<u>1,939.04</u>	<u>1,328.29</u>
<p>The Company has disputed Service Tax demands in respect of Service Tax liability on finance income for the period from 1st October 2014 to 30th June 2017. The total demand along with penalty but excluding non-determined interest amounts to ₹ 2,082.34 Lakhs (Previous year : ₹ 1,426.92 Lakhs). The Company has been legally advised that such demands are not sustainable. The Company has filed an appeal before Central Excise and Service Tax Appellate Tribunal (CESTAT), Chennai and the matter is pending before CESTAT. The Company has pre-deposited an amount of ₹ 143.30 Lakhs (Previous year : ₹ 98.63 Lakhs) under protest.</p>		
c) Consumer Court cases pending	18.35	18.35
<p>There are certain consumer claims pending against the Company, where such claims are disputed and contested by the Company in appropriate forums. The management has estimated that such claims amounts to ₹ 18.35 Lakhs (Previous year ₹ 18.35 Lakhs).</p>		
(ii) Guarantees excluding financial guarantees; and	Nil	Nil
(iii) Other money for which the Company is contingently liable	Nil	Nil
(iv) Commitments		
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for;	Nil	Nil
(b) Uncalled liability on Shares and other Investments partly paid;	Nil	Nil
(c) Other Commitments;	Nil	Nil
<p>(ii) In respect of termination of contracts, wherever there is uncertainty in the performance obligations arising out of such contracts, the Company has not quantified or accounted any income for the reason that there is no certainty of economic benefits flowing to the Company.</p>		
33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Annual Maintenance Charges - Information Technology	-	94.97
Travelling Expenses	1.01	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022
34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	2021-22	2020-21
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	21.15

35. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

Period/Year ended or As at	31st March 2023	31st March 2022
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

36. ADDITIONAL REGULATORY DISCLOSURES (for the period from 1st April 2022 to 31st March 2023 and for the Year ended 31st March 2022)

- There are no Title deeds of Immovable Properties that were not held in name of the Company.
- The Company measures investment property using cost based measurement.
- There were loans and advances in the nature of loans, which are granted to promoters, directors, KMP's and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Type of Borrower	31st March 2023		31st March 2022	
	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMP's	-	-	-	-
Related Party	1,579.08	1.32%	1,599.94	1.40%

- There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.
- The Company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
- The Company did not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 except the following :

Name of the Struck off company	Balance outstanding as at		Relationship with struck off company
	31st March 2023	31st March 2022	
First Choice Financial Services Private Limited	0.00	0.00	Equity Shareholder
Kothari & Sons (Nominees) Private Limited	0.00	0.00	Equity Shareholder
Kwality General Finance Associates Limited	0.00	0.00	Equity Shareholder
West Mambalam Suga Leasing & Finance Limited	0.00	0.00	Equity Shareholder

During the financial years ended March 31, 2023 and March 31, 2022, the Company did not have any transaction with the above equity shareholders, except payment of dividend, being the companies whose names have been struck off under Section 248 of Companies Act, 2013 or Section 560 of the Companies Act, 1956. The shareholding data is as per the record of beneficiary position downloaded by the Registrar and Transfer Agent of the Company from the database maintained by the depositories and reported to the Company for the purpose of this disclosure.

Note : 0.00 denotes amounts less than ₹ 1,000/-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

- h. The Company did not have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.
- i. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.
- l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 2023 and 31st March 2022.
- m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

37. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2023:

- I. Amount required to be spent by the company during the year: ₹ 40.00 Lakhs (FY 2021-22 : ₹ 37.00 Lakhs)
- II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken) (₹ Lakhs)

Particulars	31st March 2023	31st March 2022
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	40.06	37.04
Total	40.06	37.04

Period / Year ended	31st March 2023	31st March 2022
Amount required to be spent by the company during the year	40.00	37.00
Amount of expenditure incurred	40.06	37.04
Shortfall at the end of the year		
Total of previous years shortfall	Nil	Nil
Reason for shortfall	Nil	Nil
Nature of CSR activities		
1. Education	31.32	22.29
2. Health Care	1.94	13.55
3. Others	6.80	1.20
Details of related party transactions, (e.g.), contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	25.00	11.35
Details of provision made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year are shown separately.	Nil	Nil

Refer Note 43 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

38. CAPITAL MANAGEMENT

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio working are given below. The capital structure is also monitored on the basis of Capital adequacy ratio.

(₹ Lakhs)

Particulars	As at 31st March 2023			As at 31st March 2022 Ratio (%)	% of Variance	Reason for variance (If above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk weighted Assets Ratio (CRAR)	24,733.70	1,25,674.33	19.68%	21.66%	-9.14%	NA
Tier - I Capital	17,584.59	1,25,674.33	13.99%	13.74%	1.82%	NA
Tier - II Capital	7,149.11	1,25,674.33	5.69%	7.92%	-28.16%	On account of reduction in discounted value of subordinated debts (Unsecured Redeemable, Non-Convertible Debentures) as compared to previous year.
Liquidity Coverage Ratio (Refer Note 49.3 (vi))	1,420.28	479.87	295.97%	557.22%	-46.88%	On account of reduction in SLR Investments as compared to previous year.

Components of Numerator

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets.
- hybrid debt capital instruments;
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital; and
- perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.;

Components of Denominator

Aggregate Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

(₹ Lakhs)

Particulars	As at 31st March 2023	As at 31st March 2022
Tier - I Capital	17,584.59	16,697.54
Tier - II Capital	7,149.11	9,627.79
Total Capital	24,733.70	26,325.33
Aggregate of Risk Weighted Assets	1,25,674.33	1,21,556.31
Tier-I Capital adequacy ratio	13.99%	13.74%
Total Capital adequacy ratio	19.68%	21.66%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

Particulars	Notes	As at 31st March 2023			As at 31st March 2022		
		Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
ASSETS							
Financial Assets							
Cash and Cash Equivalents	3	3,002.79	-	3,002.79	1,449.51	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	42.91	-	42.91	1,129.31	-	1,129.31
Receivables	5						
(i) Trade Receivables		226.21	-	226.21	169.25	-	169.25
(ii) Other Receivables		18.39	-	18.39	16.56	-	16.56
Loans	6	59,156.74	55,343.36	1,14,500.10	54,813.83	55,497.37	1,10,311.20
Investments	7	702.77	641.74	1,344.51	375.13	2,112.75	2,487.88
Other Financial Assets	8	1,288.55	-	1,288.55	1,000.32	712.59	1,712.91
Non-Financial Assets							
Current tax Assets (net)	9	33.15	-	33.15	17.40	-	17.40
Deferred tax Assets (net)	10	-	395.30	395.30	-	217.94	217.94
Investment Property	11 (a)	-	270.61	270.61	-	275.21	275.21
Property Plant and Equipment	11 (b)	-	5,844.58	5,844.58	-	5,946.63	5,946.63
Right of use assets	11 (c)	-	1,059.12	1,059.12	-	1,093.60	1,093.60
Intangible Assets under development	11 (d)	-	-	-	-	-	-
Other Intangible Assets		-	156.58	156.58	-	179.46	179.46
Other Non-Financial Assets	12	375.19	1,500.00	1,875.19	436.14	1,500.00	1,936.14
Total Assets		64,846.70	65,211.29	1,30,057.99	59,407.45	67,535.55	1,26,943.00

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

(₹ Lakhs)

Particulars	Notes	As at 31st March 2023		As at 31st March 2022		Total
		Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
LIABILITIES AND EQUITY						
Liabilities						
Financial Liabilities						
Payables						
(i) Trade Payables	13					
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	0.28	-	0.28
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		156.15	-	127.76	-	127.76
(ii) Other Payables						
(i) Total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		193.26	-	175.13	-	175.13
Debt Securities	14	18,321.75	30,470.68	10,075.19	31,484.85	41,560.04
Borrowings (Other than debt securities)	15	13,366.83	1,287.25	12,870.25	2,695.44	15,565.69
Deposits	16	2,444.17	-	6,160.73	2,379.87	8,540.60
Sub-Ordinated Liabilities	17	13,231.96	28,280.44	16,252.83	23,277.94	39,530.77
Other Financial Liabilities	18	522.14	862.82	966.77	459.37	1,426.14
Non-Financial Liabilities						
Current tax Liabilities (net)		-	-	-	-	-
Provisions	19	135.49	-	122.65	-	122.65
Deferred tax Liabilities (net)		-	-	-	-	-
Other Non-Financial Liabilities	20	97.78	-	99.55	-	99.55
Equity						
Equity Share Capital	21	-	6,470.59	-	6,470.59	6,470.59
Other Equity	22	-	14,216.68	-	13,323.80	13,323.80
Total Liabilities and Equity		48,469.53	81,588.46	1,30,057.99	80,091.86	1,26,943.00

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

40. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities

(₹ Lakhs)

Particulars	31st March 2022	Cash Flows	Others	31st March 2023
Debt Securities	41,560.04	7,192.64	39.75	48,792.43
Deposits	8,540.60	(6,114.07)	17.64	2,444.17
Borrowings Other than Debt securities	15,565.69	(977.29)	65.68	14,654.08
Sub-Ordinated Liabilities	39,530.77	33.83	1,947.80	41,512.40
Lease Liabilities	386.17	(53.59)	40.34	372.92
Total	1,05,583.27	81.52	2,111.21	1,07,776.00

41. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX

a. Explanation of Relationship between tax Expense and Accounting Profit

Sl No	Particulars	FY 2022-23	FY 2021-22
1	Profit before Tax	1,735.97	1,292.04
2	Applicable Income Tax Rate (%)	25.17%	25.17%
3	Expected Income Tax Expense	436.91	325.23
4	Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	500.55	542.05
	Effect of expenses / provisions deductible in determining taxable profit	(262.81)	(266.19)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	-
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	674.65	601.09

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 31st March 2022	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2023
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	982.42	(137.53)	10.68	1,109.27
2	Employee benefit expenses	30.87	(3.23)	-	34.10
3	Right of Use Assets and Lease Liabilities	7.84	2.11	-	5.73
4	Application of EIR On Financial Liabilities	(64.83)	(14.80)	-	(50.03)
5	Differences in carrying amount of Property, Plant and Equipment	(738.36)	(34.59)	-	(703.77)
	Deferred Tax Asset / (Liabilities)	217.94	(188.04)	10.68	395.30

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

c. Tax Items in Statement of Profit and Loss

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
1	Current Tax Expense/(Income)	674.65	601.09
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(188.05)	(260.93)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	486.60	340.16

d. Tax Items recognised in Other Comprehensive Income

Sl No	Particulars	31st March 2023	31st March 2022
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	10.68	3.51
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	10.68	3.51

e. There is no tax expense charged directly to other equity.

f. Tax U/s 115 BAA of Income Tax Act 1961

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019-20.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

42. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

- **Adverse Salary Growth Experience:** Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.
- **Variability in mortality rates:** If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
- **Variability in withdrawal rates:** If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

5. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2023	As at 31st March 2022
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the year	179.41	198.87
	(i) Current service cost	20.24	20.78
	(ii) Past Service Cost		
	(iii) Interest cost	11.14	11.63
	(iv) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(4.79)	(2.38)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	0.10	(6.63)
	(v) Benefits paid	(54.15)	(42.86)
	Defined benefit obligation as at the end of the year	151.95	179.41

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2023	As at 31st March 2022
II	Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	170.72	177.76
	(i) Benefits Paid	(54.15)	(42.86)
	(ii) Employer Contribution	16.81	19.98
	(iii) Expected Interest Income on Plan Assets	11.11	10.91
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	(1.39)	4.93
	Fair Value of Plan Assets as at the end of the year	143.10	170.72
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	8.84	8.69
III	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	20.23	20.78
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.14	11.63
	(iv) Expected Interest Income on Plan assets	(11.11)	(10.91)
	Net Cost recognized in the Statement of Profit and Loss	20.26	21.50
IV	Re-measurement (loss)/gain due to :		
	(a) Changes in financial assumptions	(4.79)	(2.38)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	0.10	(6.63)
	Actuarial (Loss)/Gain from Return on plan assets	(1.39)	4.93
	Net cost recognised in Other Comprehensive Income	(3.30)	(13.94)
V	Significant Actuarial Assumptions		
	(i) Discount Rate	7.31%	6.56%
	(ii) Expected Return on Plan Assets	7.31%	6.56%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
VI	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(4.18%)	(3.61%)
	- 100 Basis Rate	4.58%	3.95%
	(ii) Salary Growth		
	+ 100 Basis Rate	4.38%	3.78%
	- 100 Basis Rate	(4.06%)	(3.51%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.33%	0.13%
	- 100 Basis Rate	(0.38%)	(0.15%)

b. Other Long Term Benefits - Leave Encashment

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

1. Interest rates risk :

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Leave encashment plan. (₹ Lakhs)

SI No	Particulars	As at 31st March 2023	As at 31st March 2022
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the year	60.96	41.35
	(i) Current service cost	13.48	13.12
	(ii) Interest cost	2.90	1.38
	(iii) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(1.54)	(0.84)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	17.02	46.45
	(iv) Benefits paid	(33.58)	(40.50)
	Closing defined benefit obligation	59.24	60.96
II	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	13.48	13.12
	(ii) Interest cost	2.90	1.38
	(iii) Others	15.48	23.91
	Net Cost recognized in the Statement of Profit and Loss	31.86	38.41
III	Significant Actuarial Assumptions		
	(i) Discount Rate	7.31%	6.50%
	(ii) Expected Return on Plan Assets	0%	0%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
IV	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.43%)	(3.69%)
	- 100 Basis Rate	3.74%	4.60%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.36%	3.63%
	- 100 Basis Rate	(3.12%)	(3.35%)
	(iii) Discount Rate		
	+ 100 Basis Rate	0.13%	0.06%
	- 100 Basis Rate	(0.17%)	(0.06%)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

43. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

Nature of Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Financial Services (Cochin) Private Ltd Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Limited The Gounder and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam The Vanavarayar Foundation Trust
B	Key Management Personnel	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivaasan, Director Dr A Selvakumar Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) Sri Srinivasan Anand (Chief Financial Officer) Sri S Venkatesh, Company Secretary and Chief Compliance Officer (upto 6th March 2023) Sri C Subramaniam, Company Secretary (w.e.f. 6th March 2023)
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam Smt Samyuktha Vanavarayar, daughter of Sri M Balasubramaniam Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Selvan Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam Sri M Harihara Sudhan, Son of Dr M Manickam Smt Bhavani Gopal, Wife of P S Gopalakrishnan Smt Lalitha Ramakrishnan, Wife of Sri K P Ramakrishnan Smt Karunambal Vanavarayar, Sister of Dr M Manickam Selvi Anusha Bhansali, Daughter of Smt.Priya Bhansali

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	8.61	-	-	8.61	7.12
	ABT Industries Ltd	23.43	-	-	23.43	18.90
	Sakthi Pelican Insurance Broking Pvt Ltd	4.46	-	-	4.46	-
	Income from HP Operations					
	Sakthi Foundation	11.14	-	-	11.14	19.22
	Suddha Sanmarga Nilayam	1.14	-	-	1.14	2.14
	Interest Income					
	ABT Industries Ltd.	30.97	-	-	30.97	75.01
	Reimbursement of Expenses / Income					
	ABT Industries Ltd	6.73	-	-	6.73	-
2	Expenses					
	Purchase of fuel and others					
	N.Mahalingam & Co	15.09	-	-	15.09	10.22
	Reimbursement of Expenses (Electricity / internet charges)					
	ABT Industries Ltd	3.55	-	-	3.55	7.87
	Sakthifinance Financial Services Ltd.	0.94	-	-	0.94	-
	Rent paid					
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	2.40
	M. Srinivaasan	-	117.53	-	117.53	111.86
	ARC Retreading Company Pvt Ltd	2.23	-	-	2.23	2.23
	N.Mahalingam & Co	14.16	-	-	14.16	-
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	272.12	-	-	272.12	77.00
	Printing charges					
	Nachimuthu Industrial Association	13.40	-	-	13.40	12.63
	Sakthi Sugars Ltd. (Om Sakthi)	2.32	-	-	2.32	2.31
	Sakthi Foundation	1.13	-	-	1.13	0.80
	Professional Charges					
	Ramanandha Adigalar Foundation	22.89	-	-	22.89	-
	Corporate Social Responsibility Expenses					
	Ramanandha Adigalar Foundation	25.00	-	-	25.00	-
	The Vanavarayar Foundation Trust	-	-	-	-	11.35
	Remuneration					
	M.Balasubramaniam	-	43.80	-	43.80	49.80
	S.Veluswamy	-	32.62	-	32.62	32.58
	Srinivasan Anand	-	25.79	-	25.79	29.35
	S.Venkatesh	-	15.88	-	15.88	16.73
	C.Subramaniam	-	3.65	-	3.65	-
	Amrit Vishnu B	-	-	3.15	3.15	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
	Perquisites					
	M.Balasubramaniam	-	0.75	-	0.75	-
	S.Veluswamy	-	-	-	-	3.15
	Srinivasan Anand	-	-	-	-	-
	S.Venkatesh	-	-	-	-	-
	C.Subramaniam	-	-	-	-	-
	Amrit Vishnu B	-	-	-	-	-
	Employee Benefits					
	M.Balasubramaniam	-	4.32	-	4.32	4.32
	S.Veluswamy	-	2.30	-	2.30	1.83
	Srinivasan Anand	-	-	-	-	0.55
	S.Venkatesh	-	0.99	-	0.99	0.99
	C.Subramaniam	-	0.19	-	0.19	-
	Amrit Vishnu B	-	-	0.07	0.07	-
	Commission **					
	M.Balasubramaniam	75.25	-	-	75.25	63.67
	Sitting Fees					
	Non-Executive Directors					
	M.Manickam	-	4.30	-	4.30	3.50
	M.Srinivaasan	-	4.50	-	4.50	4.20
	S.Veluswamy	-	3.30	-	3.30	-
	Independent Directors					
	A Selvakumar	-	12.60	-	12.60	9.90
	P S Gopalakrishnan	-	4.50	-	4.50	3.60
	Priya Bhansali	-	7.00	-	7.00	5.50
	K P Ramakrishnan	-	8.50	-	8.50	8.00
	Reimbursement of Travelling Expense					
	Non-Executive Directors					
	M.Manickam	-	0.27	-	0.27	0.18
	M.Srinivaasan	-	0.24	-	0.24	0.24
	S.Veluswamy	-	0.27	-	0.27	-
	Independent Directors					
	A Selvakumar	-	0.27	-	0.27	0.24
	P S Gopalakrishnan	-	0.24	-	0.24	0.24
	Priya Bhansali	-	0.27	-	0.27	0.27
	K P Ramakrishnan	-	0.27	-	0.27	0.27
	** subject to approval of shareholders at the ensuing Annual General Meeting					

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2023

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
3	Assets					
	Loans and advances given					
	S.Venkatesh	-	2.00	-	2.00	-
	ABT Industries Ltd	350.00	-	-	350.00	410.00
	Advance for Property, Plant and Equipment					
	Sakthi Sugars Ltd.	-	-	-	-	1,500.00
	Loans and advances repaid					
	ABT Industries Ltd	(350.00)	-	-	(350.00)	(410.00)
	S.Venkatesh	-	(4.79)	-	(4.79)	(5.00)
	Outstanding as at the year end					
	Loans and advances					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Sugars Ltd	1,500.00	-	-	1,500.00	1,500.00
	Sakthi Foundation	37.13	-	-	37.13	81.66
	Suddha Sanmarga Nilayam	4.59	-	-	4.59	9.01
	Sakthifinance Financial Services Ltd	14.24	-	-	14.24	31.49
	Sakthi Pelican Insurance Broking Private Limited	10.83	-	-	10.83	10.83
	ABT Industries Ltd	30.97	-	-	30.97	9.14
	S.Venkatesh	-	6.38	-	6.38	9.17
	Rent / Other reimbursement receivables					
	Sakthifinance Financial Services Ltd	23.62	-	-	23.62	14.87
	ABT Industries Ltd.	20.00	-	-	20.00	6.80
	Sakthi Pelican Insurance Broking Private Limited	0.34	-	-	0.34	-
4	Liabilities					
	Transactions during the year					
	Investment in NCDs:					
	ABT Finance Ltd	(4.46)	-	-	(4.46)	-
	Sakthifinance Financial Services Ltd.	197.10	-	-	197.10	45.00
	Sakthi Financial Services Cochin Pvt Ltd	(7.16)	-	-	(7.16)	-
	Smt Samyuktha Vanavarayar	-	-	-	-	120.00
	Miss Shruthi Balasubramaniam	-	-	(38.00)	(38.00)	10.00
	Smt Karunambal Vanavarayar	-	-	300.00	300.00	300.00
	Sri P S Gopalakrishnan	-	25.00	-	25.00	-
	Smt Lalitha Ramakrishnan	-	-	1.00	1.00	-
	Investment in Deposits:					
	M. Harihara Sudhan	-	-	-	-	(7.74)
	Subscription in Redeemable Cumulative Preference Shares ("RCPS") :					
	Sakthi Financial Services Cochin Pvt Ltd	(50.20)	-	-	(50.20)	216.70

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2023	For the year ended 31st March 2022
	Outstanding as at the year end					
	Investment in NCDs:					
	ABT Finance Ltd	8.00	-	-	8.00	12.46
	Sakthifinance Financial Services Ltd.	246.85	-	-	246.85	49.75
	Sakthi Financial Services Cochin Pvt Ltd	149.90	-	-	149.90	157.06
	Sri P S Gopalakrishnan	-	35.00	-	35.00	10.00
	Smt Vinodhini Balasubramaniam	-	-	80.00	80.00	80.00
	Smt.Samyuktha Vanavarayar	-	-	195.00	195.00	195.00
	Selvi Shruthi Balasubramaniam	-	-	40.00	40.00	78.00
	Selvan Amrit Vishnu Balasubramaniam	-	-	12.00	12.00	-
	Smt Bhavani Gopal	-	-	10.00	10.00	10.00
	Smt Lalitha Ramakrishnan	-	-	31.00	31.00	30.00
	Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Selvi Anusha Bhansali	-	-	10.00	10.00	10.00
	Smt Karunambal Vanavarayar	-	-	600.00	600.00	300.00
	Subscription in SD Bonds:					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Selvi Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	Subscription in Redeemable Cumulative Preference Shares ("RCPS") :					
	Sakthi Financial Services Cochin Pvt Ltd	166.50	-	-	166.50	216.70
	Liabilities for Expenses Payable:					
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	Nachimuthu Industrial Association	-	-	-	-	0.28
	N.Mahalingam and Co	2.07	-	-	2.07	0.99
	Sakthi Sugars Ltd.	-	-	-	-	0.41
	Commission payable to Sri M. Balasubramaniam	75.25	-	-	75.25	63.67
	Sri M. Srinivaasan	-	5.66	-	5.66	5.73

Notes:-

- All transactions are in the ordinary course of business on terms equivalent to those that prevail in an arm's length transaction.
- The Company has not granted loans or advances that is repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, for the financial years ended March 31, 2023 and March 31, 2022.
- There have been no guarantees provided or received to/from any related party on receivables or payables.
- For the year ended 31st March, 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party.
- During the year ended 31st March 2023, the Company has not written off any receivables due from related parties.

44. Disclosure pursuant to Ind AS "33" - Earnings Per Share (Refer Note 2(ab))

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.

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	1,281.13	985.10
Basic and diluted earnings per share (Face Value: ₹10 per share)	1.98	1.52

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

45. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

Credit Risk

Credit risk is the risk that arises when the borrowers of the Company are unable to meet the financial obligations.

The Company has a comprehensive and well - defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

Expected Credit Loss ("ECL")

As a result of adoption of IndAs , the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components Viz,

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD) and weightages have been decided based on industry best practices and judgement. ECL is measured based on various stages of assets and by applying PD and LGD to arrive at impairment loss.

Exposure at Default ("EAD")

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

Probability of Default ("PD")

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP , Inflation rate etc.

Loss Given Default ("LGD")

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

Write-offs (Refer Note 2(i))

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the year of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

(₹ Lakhs)

Particulars	31st March 2023				31st March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	99,679.78	9,200.48	5,942.21	1,14,822.47	97,136.73	10,255.72	5,594.01	1,12,986.46
New business - net of recovery	64,381.52	10,522.00	800.64	75,704.16	53,042.83	1,476.15	17.14	54,536.12
Transfer due to change in credit worthiness								
Stage 1	1,747.12	(1,591.87)	(155.25)	-	2,639.69	(2,486.81)	(152.88)	-
Stage 2	(3,230.29)	3,248.42	(18.13)	-	(6,071.61)	6,102.17	(30.56)	-
Stage 3	(1,546.77)	(916.36)	2,463.13	-	(1,054.61)	(684.56)	1,739.17	-
Financial Assets that have been derecognised	(63,353.94)	(5,337.71)	(1,908.98)	(70,600.63)	(45,956.83)	(5,456.32)	(1,129.61)	(52,542.76)
Write off during the year	(99.29)	(8.74)	(125.73)	(233.76)	(56.42)	(5.87)	(95.06)	(157.35)
Balance at the end of the year	97,578.13	15,116.22	6,997.89	1,19,692.24	99,679.78	9,200.48	5,942.21	1,14,822.47

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2023				31st March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	478.79	95.53	3,936.95	4,511.27	130.73	296.92	3,205.09	3,632.74
New business - net of recovery	145.77	862.26	170.80	1,178.83	80.99	11.99	1.40	94.38
Transfer due to change in credit worthiness								
Stage 1	0.28	(0.28)	-	-	19.90	(18.71)	(1.19)	-
Stage 2	(218.50)	219.31	(0.81)	-	(58.78)	59.30	(0.52)	-
Stage 3	(379.50)	(253.85)	633.35	-	(174.16)	(196.07)	370.23	-
Financial Assets that have been derecognised	142.28	227.54	(672.55)	(302.73)	503.61	(35.45)	397.06	867.22
Write off during the year	(1.96)	(1.23)	(192.04)	(195.23)	(23.50)	(24.45)	(35.12)	(83.07)
Balance at the end of the year	167.16	1,149.28	3,875.70	5,192.14	478.79	95.53	3,936.95	4,511.27

Stage	31st March 2023			31st March 2022		
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value
Stage 1	97,578.13	167.16	97,410.97	99,679.78	478.79	99,200.99
Stage 2	15,116.22	1,149.28	13,966.94	9,200.48	95.53	9,104.95
Stage 3	6,997.89	3,875.70	3,122.19	5,942.21	3,936.95	2,005.26
Total	1,19,692.24	5,192.14	1,14,500.10	1,14,822.47	4,511.27	1,10,311.20

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Geographical break-up of portfolio - (Net Stock on Hire)

(₹ Lakhs)

Particulars	FY 2023	FY 2022
Tamil Nadu & Puducherry	95,355	94,816
Kerala	17,046	14,897
Karnataka	3,132	2,409
Andhra	2,963	2,284
Total	1,18,496	1,14,406

Portfolio composition - Net Stock on Hire

Particulars	FY 2023	FY 2022
Commercial Vehicles	1,06,088	1,02,620
Cars & Jeeps	7,671	8,112
Construction Equipment	3,967	2,929
Machinery	709	670
Consumer Durables	61	75
Total	1,18,496	1,14,406

Liquidity Risk

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2023 is furnished hereunder :

Particulars	Note	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
Financial Liabilities								
Deposits	16 & 18	703.90	798.18	1,200.87	-	-	-	2,702.95
Borrowings	14,15,17&18	7,694.98	10,033.47	27,283.59	46,568.11	13,439.27	-	1,05,019.42
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
Total		8,398.88	10,831.65	28,484.46	46,568.11	13,439.27	-	1,07,722.37
Financial Assets								
Cash and cash equivalents	3	189.80	-	-	-	-	-	189.80
Bank balances	4	2,855.90	-	-	-	-	-	2,855.90
Loans	6	16,070.63	15,895.67	27,190.46	49,351.90	5,767.96	223.48	1,14,500.10
Investments	7	-	217.14	485.62	491.92	-	149.83	1,344.51
Other financial assets		672.65	167.17	381.23	634.58	-	2,186.25	4,041.88
Total		19,788.98	16,279.98	28,057.31	50,478.40	5,767.96	2,559.56	1,22,932.19

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder :

Particulars	Note	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
Financial Liabilities								
Deposits	16 & 18z	2,096.24	2,007.06	2,308.63	2,379.87	-	-	8,791.80
Borrowings	14,15,17&18	7,401.46	2,166.92	13,595.67	60,020.66	13,677.61	-	96,862.32
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
Total		9,497.70	4,173.98	15,904.30	62,400.53	13,677.61	-	1,05,654.12

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder: (cont..)

(₹ Lakhs)

Particulars	Note	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
Financial Assets								
Cash and cash equivalents	3	270.41	-	-	-	-	-	270.41
Bank balances	4	2,308.40	-	-	-	-	-	2,308.40
Loans	6	14,922.10	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
Investments	7	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
Other financial assets		814.21	200.86	415.48	774.74	-	707.42	2,912.71
Total		18,315.12	14,565.94	26,317.26	53,180.53	3,934.70	1,977.05	1,18,290.60

Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

Particulars	Note	As at 31st March 2023	As at 31st March 2022
Financial assets			
Fixed rate instruments			
Loans	6	1,19,692.24	1,14,822.47
Investments	7	1,194.69	2,374.44
Bank Balances	4	-	182.79
Variable rate instruments			
Total		1,20,886.93	1,17,379.70
Financial Liabilities			
Fixed rate instruments			
Debt securities	14 & 18	48,831.16	41,740.44
Borrowings (other than debt securities)	15	2,696.17	5,051.56
Deposits	16 & 18	2,702.95	8,791.80
Sub-Ordinated liabilities	17 & 18	40,038.88	38,065.89
Preference Shares	17 & 18	1,508.30	1,503.29
Variable rate instruments			
Bank Borrowings	15	11,957.91	10,514.13
Total		1,07,735.37	1,05,667.11

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2023		31st March 2022	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- carrying amount	+60	(60.00)	+77	(77.00)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

46. Disclosure Pursuant To Ind AS "108" - Operating Segments

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in a single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

47. Disclosure pursuant to Ind AS "113"

a. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value hierarchy	As at 31st March 2023	As at 31st March 2022
Investment in Equity Instruments (Quoted)	Level 1	111.47	75.09
Investment in Equity Instruments (Un-Quoted)	Level 3	38.35	38.35

b.i. Financial assets and financial liabilities measured at amortised cost as at 31st March 2023

Particulars	Notes	Carrying Amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial Assets						
Cash and Cash Equivalents	3	3,002.79	3,002.79	-	-	3,002.79
Bank Balances other than Cash and Cash Equivalents	4	42.91	42.91	-	-	42.91
Trade Receivables	5	244.60	-	295.75	-	295.75
Loans	6	1,14,500.10	-	-	1,14,500.10	1,14,500.10
Investments	7	1,194.69	1,214.31	-	-	1,214.31
Other Financial Assets	8	1,288.55	-	1,288.55	-	1,288.55
Financial Liabilities						
Payables	13					
(I) Trade Payables		156.15	-	156.15	-	156.15
(II) Other Payables		193.26	-	193.26	-	193.26
Debt Securities	14	48,792.43	36,388.08	12,404.35	-	48,792.43
Borrowings (Other than debt securities)	15	14,654.08	14,654.08	-	-	14,654.08
Deposits	16	2,444.17	-	-	2,444.17	2,444.17
Sub-Ordinated Liabilities	17	41,512.40	12,281.44	-	29,230.96	41,512.40
Other Financial Liabilities	18	1,384.96	-	1,009.87	375.09	1,384.96

b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022

Particulars	Notes	Carrying Amount	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial Assets						
Cash and Cash Equivalents	3	1,449.51	1,449.51	-	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	4	1,129.31	1,129.31	-	-	1,129.31
Trade Receivables	5	185.81	-	230.28	-	230.28
Loans	6	1,10,311.20	-	-	1,10,311.20	1,10,311.20
Investments	7	2,374.44	2,507.18	-	-	2,507.18
Other Financial Assets	8	1,712.91	-	1,712.91	-	1,712.91

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022 (cont.)

(₹ Lakhs)

Particulars	Notes	Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial Liabilities						
Payables	13					
(I) Trade Payables		128.04	-	128.04	-	128.04
(II) Other Payables		175.13	-	175.13	-	175.13
Debt Securities	14	41,560.04	30,836.75	10,723.29	-	41,560.04
Borrowings (Other than debt securities)	15	15,565.69	15,565.69	-	-	15,565.69
Deposits	16	8,540.60	-	-	8,540.60	8,540.60
Sub-Ordinated Liabilities	17	39,530.77	11,640.39	-	27,890.38	39,530.77
Other Financial Liabilities	18	1,426.15	-	1,090.12	336.03	1,426.15

c. Financial assets and Financial Liabilities measured at Fair Value through Profit or Loss as at 31st March 2023 and as at 31st March 2022

The Company did not measure any of its Financial Assets and Financial Liabilities at Fair Value through Profit or Loss.

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

48. Disclosure pursuant to Ind AS "116" Leases

In cases of leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
(a) Depreciation charge for Right-of-Use Assets	254.65	217.72
(b) Interest expense on Lease Liabilities	20.51	36.28
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	27.32	35.39
(e) Total cash outflow for leases	269.89	231.81
(f) Additions to right-of-use assets	-	-
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,059.12	1,093.60

Maturity Analysis	31st March 2023	31st March 2022
Less than 1 year	241.90	214.23
1-3 years	132.00	194.54
3-5 years	49.49	21.53
More than 5 years	2.71	10.32
Total future undiscounted cash outflow on lease liability	426.10	440.62

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

49. Disclosures under RBI Directions

49.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2023		As at 31st March 2022	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
(1)	Liabilities Side: Loans and advances availed by the Non Banking Financial Company Inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	48,831.16	38.73	41,740.44	180.40
	: Unsecured (Other than falling within the meaning of Public deposit)	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	2,408.38	-	3,810.72	-
	(d) Inter-Corporate loans and borrowing	287.79	-	1,240.84	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	2,702.95	258.78	8,791.80	251.20
	(g) Sub-Ordinated Debts	41,534.18	21.78	39,556.18	25.41
	(h) Other Loans - Cash Credit	11,957.91	-	10,514.13	-
(2)	Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of Unsecured Debentures	12,281.44	-	11,640.38	-
	(b) In the form of Partly secured Debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other Public Deposits	2,702.95	258.78	8,791.80	251.20
	(d) Sub-Ordinated Debts	41,534.18	21.78	26,425.51	25.41
	# Represents unclaimed deposits and interest accrued thereon				
(3)	Assets Side: Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		Amount outstanding		Amount outstanding
	(a) Secured		-		-
	(b) Unsecured		1,196.36		416.20
(4)	Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:				
	(1) Lease Assets including lease rentals under Sundry Debtors				
	(a) Financial Lease		-		-
	(b) Operational Lease		-		-
	(2) Assets on Hire including Hire charges under Sundry Debtors				
	(a) Stock on Hire		1,18,441.63		1,14,215.90
	(b) Repossessed Assets		54.25		190.37
	(3) Other Loans counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2023

(₹ Lakhs)

(5)	Break-up of Investments:	As at 31st March 2023	As at 31st March 2022
	Current Investments :		
	1. Quoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	Long Term Investments :		
	1. Quoted		
	(i) Shares : (a) Equity	111.47	75.09
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	1,194.69	2,374.44
	(v) Others	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	38.41	38.41
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2023

(₹ Lakhs)

(6) Borrower group-wise classification of assets financed as in 3 and 4 above							
		31st March 2023 (Amount net of provisions)			31st March 2022 (Amount net of provisions)		
Category	Secured	Unsecured	Total	Secured	Unsecured	Total	
1. Related parties							
(a) Subsidiaries	-	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-	-
(c) Other related parties	41.72	30.97	72.69	90.77	9.17	99.94	
2. Other than related parties	1,13,262.02	1,165.39	1,14,427.41	1,09,804.23	407.03	1,10,211.26	
Total	1,13,303.74	1,196.36	1,14,500.10	1,09,895.00	416.20	1,10,311.20	
(7) Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)							
Category		Market value / Break up or fair value or NAV	Book value (Net of provisions)	Market value / Break up or fair value or NAV	Book value (Net of provisions)		
		31st March 2023		31st March 2022			
1. Related parties							
(a) Subsidiaries		-	-	-	-	-	-
(b) Companies in the same group		146.77	146.77	110.43	110.39		
(c) Other related parties		-	-	-	-		
2. Other than related parties		1,197.82	1,197.74	2,371.09	2,377.49		
Total		1,344.59	1,344.51	2,481.52	2,487.88		
(8) Other information							
Particulars		Amount		Amount			
(i) Gross Non Performing Assets		6,997.89		5,942.21			
(a) Related parties		-		-			
(b) Other than Related parties		6,997.89		5,942.21			
(ii) Net Non Performing Assets		3,420.94		2,355.20			
(a) Related parties		-		-			
(b) Other than Related parties		3,420.94		2,355.20			
(iii) Assets acquired in satisfaction of debt		-		-			

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

49.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
1	Capital to Risk (Weighted) Assets Ratio		
	CRAR (%)	19.68	21.66
	CRAR - Tier I Capital (%)	13.99	13.74
	CRAR - Tier II Capital (%)	5.69	7.92
	Amount of Sub-Ordinated debt considered as Tier-II capital	4,374.12	6,519.72
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	Investments		
	Value of Investments		
	Gross Value of Investments		
	In India	1,344.57	2,487.94
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	1,344.51	2,487.88
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add : Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06
3	Derivatives		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
4	Disclosures relating to Securitisation		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2023													
Sl.No	Particulars	Note	Upto 0-7 days	Upto 8-14 days	Upto 15-30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	16 B 18	51.76	77.83	129.39	295.82	149.30	798.18	1,200.87	-	-	-	2,702.95
(ii)	Advances	6	2,374.36	1,146.46	1,807.44	5,318.02	5,424.35	15,895.67	27,190.46	49,351.90	5,767.95	225.49	1,14,500.10
(iii)	Investments	7	-	-	-	-	-	217.14	485.62	491.92	-	149.83	1,344.51
(iv)	Borrowings		43.91	18.15	298.93	4,926.60	2,407.39	10,033.67	27,283.59	46,568.12	13,439.26	-	1,05,019.42
(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-
Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2022													
Sl.No	Particulars	Note	Upto 0-7 days	Upto 8-14 days	Upto 15-30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	16 B 18	87.46	107.99	296.69	945.27	659.73	2,007.06	2,308.63	2,379.87	-	-	8,791.80
(ii)	Advances	6	1,316.16	974.93	2,589.64	5,034.36	5,007.01	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,511.20
(iii)	Investments	7	-	-	-	-	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
(iv)	Borrowings		60.17	47.55	397.76	6,106.96	789.02	2,166.92	13,595.67	60,020.66	13,677.60	-	96,862.31
(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022															
6	Exposures																	
(i)	Exposure to Real Estate Sector	-	-															
(ii)	Exposure to Capital Market	-	-															
a	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	111.47	75.09															
b	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	-	-															
c	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	-	-															
d	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	-	-															
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-															
f	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.	-	-															
g	Bridge loans to companies against expected equity flows / issues	-	-															
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	Total Exposure to Capital Market	111.47	75.09															
(iii)	Details of financing of parent company products	Nil	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
(v)	Unsecured Advances	1,196.36	416.20															
7	Miscellaneous																	
(i)	Registration obtained from other financial sector regulators	NA	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	0.02	-															
(iii)	Related Party Transactions - Ref. Note 43																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) BBB Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long-Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) BBB Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long-Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : NIL																	
(v)	Remuneration of Directors																	
	Ref. Page No. 37 of Corporate Governance Report 2023																	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2023

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
(vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 26		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
8	Other Disclosures		
(i)	Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	4.75	3.17
b	Provision towards NPA	680.88	878.54
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	486.60	340.16
e	Other Provision and Contingencies (with details)	6.67	(4.69)
(ii)	Draw down from Reserves	-	-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits:		
	Total Deposits of twenty largest depositors	278.26	416.06
	Percentage of Deposits of twenty largest depositors to Total Deposits	10.29%	4.73%
b	Concentration of Advances:		
	Total Advances to twenty largest borrowers	1,383.63	1,398.28
	Percentage of Advances to twenty largest borrowers to Total Advances	1.17%	1.22%
c	Concentration of Exposures:		
	Total Exposure to twenty largest borrowers / customers	1,170.97	860.24
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.99%	0.75%
d	Concentration of NPAs:		
	Total Exposure to top four NPA accounts	137.13	73.50
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	3.43%	1.62%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	6.79%	1.42%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	5.70%	6.23%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.99%	2.14%
(ii)	Movement of NPAs (Gross)		
	Opening balance	5,942.21	5,594.01
	Additions during the year	3,468.82	2,223.89
	Reductions during the year	2,413.14	1,875.69
	Closing balance	6,997.89	5,942.21
(iii)	Movement of Net NPAs		
	Opening balance	2,355.20	2,522.83
	Additions during the year	2,822.79	1,380.13
	Reductions during the year	1,757.05	1,547.76
	Closing balance	3,420.94	2,355.20
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,587.01	3,071.18
	Provisions made during the year	646.04	843.76
	Write-off / write-back of excess provisions	656.10	327.93
	Closing balance	3,576.95	3,587.01
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	Disclosure of Complaints		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	486	4
c	No. of complaints redressed during the year	486	4
d	No. of complaints pending at the end of the year	-	-

49.3 Disclosures as required under guidelines on liquidity risk management frame work for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk:

i. Funding concentration based on significant counterparty (both deposits and Borrowings)

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings As at 31st March 2023	3	12,939.00	541.65	11.83
2	Borrowings As at 31st March 2022	4	13,713.00	171.82	12.80

ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits as at 31st March 2023	278.25	11.65%
2	Total for Top 20 Large Deposits as at 31st March 2022	416.06	4.73%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings as at 31st March 2023	14,715.00	14.93%
2	Total for Top 10 Borrowings as at 31st March 2022	15,661.00	15.96%

iv. Funding concentration based on significant instrument / products

Sl No	Name of the Instrument / Products	31st March 2023		31st March 2022	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Redeemable Non-Convertible Debentures - Public Issue	33,856.00	30.95	29,181.00	27.23
2	Sub-Ordinated Debts	23,397.00	21.39	23,400.00	21.84
3	Redeemable Non-Convertible Debentures - Secured Retail	11,966.00	10.94	10,738.00	10.02
4	From Banks: Cash Credit and Demand Loans	10,738.00	9.82	10,516.00	9.81
5	Non-Convertible Debentures - Secured	12,023.00	10.99	10,452.00	9.75
6	Fixed Deposits	2,389.00	2.18	7,981.00	7.45
7	Term Loans - Financial Institutions and Banks	2,437.00	2.23	3,853.00	3.60
8	Redeemable Cumulative Preference Shares	1,500.00	1.37	1,500.00	1.40
9	Term Loans - Corporates	286.00	0.26	1,234.00	1.15
	Total	98,592.00	90.13	98,855.00	92.25

v. Stock Ratios:

a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2023		31st March 2022	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	-	-	-	-
3	% to Total Liabilities	-	-	-	-
4	% to Total Public Assets	-	-	-	-

b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2023	31st March 2022
1	Non-Convertible Debentures (on maturities of less than 1 year)	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Assets	-	-

c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2023	31st March 2022
1	Other Short term Liabilities	11,957.91	10,514.13
2	% to Total Public Funds	11.13%	9.99%
3	% to Total Liabilities	10.93%	9.81%
4	% to Total Assets	9.20%	8.28%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision,

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary. Moreover, the Board of Directors have also constituted an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required. The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

Definition of terms as used in the table above:

a) Significant counter party:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

e) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

Disclosure on Liquidity Coverage Ratio ("LCR")

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio ("LCR"), which aim to ensure that an NBFC maintains an adequate level of unencumbered ("HQLAs") which can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is computed as per the formula given below:

$LCR = \text{Stock of High-Quality Liquid Assets ("HQLAs")} / \text{Total Net Cash Outflows over the next 30 calendar days}$

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management ("ALM") Committee oversees the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. The above is periodically monitored and reviewed by ALCO.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

For the year ended 31st March 2023

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 49 (3)

S. No.	Particulars	Apr-Jun 2022		Jul - Sep 2022		Oct-Dec 2022		Jan - Mar 2023	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
1	High Quality Liquid Assets								
	Total High Quality Liquid Assets (HQLA)	2,932.38	2,511.58	2,978.02	2,599.95	1,963.05	1,652.24	1,659.28	1,420.78
	Cash Outflows:								
2	Deposits (for deposit taking companies)	809.97	931.47	914.72	1,051.92	776.15	892.57	502.84	578.77
3	Unsecured wholesale funding	19.42	22.33	18.67	21.47	17.92	20.61	17.69	20.34
4	Secured wholesale funding	2,250.11	2,587.62	816.89	939.43	681.17	783.35	446.88	513.91
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	849.26	976.65	539.55	620.48	745.75	857.61	701.69	806.95
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,928.76	4,518.07	2,289.83	2,633.30	2,220.99	2,554.14	1,669.10	1,919.47
	Cash Inflows:								
9	Secured Lending	5,511.38	3,983.84	5,430.92	4,073.19	6,274.97	4,706.23	6,128.85	4,596.64
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	1,376.66	1,032.50	749.95	562.47	10.57	7.93	9.01	6.76
12	TOTAL CASH INFLOWS	6,888.04	5,016.04	6,180.87	4,635.66	6,285.54	4,714.16	6,137.86	4,603.40
13	TOTAL HQLA		2,511.58		2,599.95		1,652.24		1,420.28
14	TOTAL NET CASH OUTFLOWS		1,129.82		658.33		638.53		479.87
15	LIQUIDITY COVERAGE RATIO (%)		222.36%		394.93%		258.76%		295.97%
	Components of HQLA								
	- Cash on Hand		262.93		286.59		263.85		234.17
	- Balances with Banks		565.43		801.09		145.15		230.11
	- Government Securities		2,104.00		1,890.33		1,554.05		1,195.00
	- Commercial Paper		-		-		-		-
	TOTAL		2,932.38		2,978.01		1,963.05		1,659.28

*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

For the year ended 31st March 2022

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2021		Jul-Sep 2021		Oct-Dec 2021		Jan-Mar 2022	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
1	High Quality Liquid Assets								
	Total High Quality Liquid Assets (HQLA)	3,632.54	3,118.94	9,881.39	9,367.79	3,412.49	2,898.89	3,161.89	2,888.29
	Cash Outflows:								
2	Deposits (for deposit taking companies)	682.74	785.15	1,635.64	1,880.99	1,276.50	1,467.97	627.71	721.87
3	Unsecured wholesale funding	36.37	41.83	35.62	40.96	27.59	31.73	21.57	24.80
4	Secured wholesale funding	1,483.67	1,706.22	1,180.05	1,357.05	677.07	778.64	534.00	614.11
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	629.15	723.52	853.91	982.00	415.39	477.70	619.63	712.57
6	Other contractual funding obligations	221.67	254.92	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,053.60	3,511.64	3,705.22	4,261.00	2,396.55	2,756.04	1,802.91	2,073.35
	Cash Inflows:								
9	Secured Lending	4,544.86	3,483.65	5,010.88	3,758.16	5,504.50	4,128.38	5,254.72	3,941.04
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	7,200.00	5,400.00	5,716.66	4,287.50	3,600.00	2,700.00
12	TOTAL CASH INFLOWS	4,544.86	3,483.65	12,210.88	9,158.16	11,221.16	8,415.88	8,854.72	6,641.04
13	TOTAL HQLA		3,118.94		9,367.79		2,898.89		2,888.29
14	TOTAL NET CASH OUTFLOWS		877.91		1,065.25		689.01		518.34
15	LIQUIDITY COVERAGE RATIO [%]		355.27%		879.40%		420.73%		557.22%
	Components of HQLA								
	- Cash on Hand		341.07		249.26		300.02		310.28
	- Balances with Banks		723.47		7,064.13		544.48		683.61
	- Government Securities		2,568.00		2,568.00		2,568.00		2,368.00
	- Commercial Paper		-		-		-		-
	TOTAL		3,632.54		9,881.39		3,412.50		3,361.89

*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Unweighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

49.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure is as follows: (₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended 30th September 2022	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended 31st March 2023
Personal Loans	324.45	45.73	-	136.79	141.93
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	324.45	45.73	-	136.79	141.93

49.5 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

For the year ended 31st March 2023

(₹ Lakhs)

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)
Performing Assets						
Standard	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
Sub-Total		1,12,694.35	1,316.46	1,11,377.89	563.47	752.99
Non-Performing Assets (NPA)						
Substandard	Stage 3	3,591.33	884.65	2,706.68	393.71	490.94
Doubtful - up to 1 year	Stage 3	618.55	272.28	346.27	428.84	(156.56)
1 to 3 years	Stage 3	98.69	40.07	58.62	72.40	(32.33)
More than 3 years	Stage 3	16.19	5.55	10.64	8.86	(3.31)
Sub-Total for doubtful assets		733.43	317.90	415.53	510.10	(192.20)
Loss	Stage 3	2,673.13	2,673.13	-	2,673.13	-
Sub-Total for NPA		6,997.89	3,875.68	3,122.21	3,576.94	298.74
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms		-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
	Stage 3	6,997.89	3,875.68	3,122.21	3,576.94	298.74
	Total	1,19,692.24	5,192.14	1,14,500.10	4,140.41	1,051.73

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Note : In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 on Implementation of Indian Accounting Standards, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning), as at 31st March 2023 and accordingly, no amount is required to be transferred to impairment reserve.

For the year ended 31st March 2022

(₹ Lakhs)

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)
Performing Assets						
Standard	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
Sub-Total		1,08,880.26	574.32	1,08,305.94	435.52	138.80
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,905.11	397.72	1,507.39	267.39	130.33
Doubtful - up to 1 year	Stage 3	1,095.91	700.65	395.26	521.22	179.43
1 to 3 years	Stage 3	297.37	194.76	102.61	154.60	40.16
More than 3 years	Stage 3	-	-	-	-	-
Sub-Total for doubtful assets		1,393.28	895.41	497.87	675.82	219.59
Loss	Stage 3	2,643.82	2,643.82	0.00	2,643.82	0.00
Sub-Total for NPA		5,942.21	3,936.95	2,005.26	3,587.03	349.92
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	-	-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
	Stage 3	5,942.21	3,936.95	2,005.26	3,587.03	349.92
	Total	1,14,822.47	4,511.27	1,10,311.20	4,022.55	488.72

49.6 In terms of RBI Circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications", the Company has revised its process of NPA classification by flagging of the borrower accounts as overdue as part of the day-end process for the due date.

49.7 Disclosure pursuant to RBI notification RBI/2022-23/29 DOR.CRE.REC.No.25/03.10.001/2022-23 dated April 19, 2022
Loans to Directors, Senior Officers and relatives of Directors

Particulars	31st March 2023		31st March 2022	
	Sanctioned during the year	Outstanding balance	Sanctioned during the year	Outstanding balance
Directors and their relatives	-	-	-	-
Entities associated with directors and their relatives	350.00	72.69	410.00	90.77
Senior Officers and their relatives #	2.00	6.38	-	9.17

Sri S Venkatesh, resigned from the position of Company Secretary and Compliance Officer w.e.f. 6th March, 2023

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

49.8 Disclosures as required under guidelines on Scale Based Regulations for NBFCs issued by RBI by notification no. RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated 19th April 2022.

1) Compliance with Scale Based Regulations ("SBR")

The SBR was notified by the Reserve Bank of India ("RBI") effective 1st October 2022. The RBI has classified the Company as NBFC in Middle Layer ("ML"). We have ensured full compliance with various requirements prescribed under SBR for NBFC-ML within the specified timelines including adopting policy for enhanced regulatory framework, Policy on Internal Capital Adequacy Assessment Process ("ICAAP"), complying with exposure norms, setting limits for sensitive sector exposure etc.

2) Exposure to real estate sector

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
i) Direct exposure		
a) 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.	-	-
b) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily 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.	-	-
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures:		
i. Residential	-	-
ii. Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
Total Exposure to Real Estate Sector	-	-

3) Exposures to capital market

(₹ Lakhs)

Particulars	31st March 2023	31st March 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	111.47	75.09
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	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
Total exposure to capital market	111.47	75.09

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2023

4) Sectoral exposures

(₹ Lakhs)

Sectors	31st March 2023			31st March 2022		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total expo- sure 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	3,136.00	107.45	3.43%	1,896.81	30.73	1.62%
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
i. Transport Operators	94,265.86	5,377.30	5.70%	89,592.21	5,579.83	6.23%
ii. Others	-	-	-	-	-	-
Total of Services (i+ii)	94,265.86	5,377.30	5.70%	89,592.21	5,579.83	6.23%
4. Personal Loans	-	-	-	-	-	-
5. Others	22,290.37	1,513.14	6.79%	23,333.45	331.65	1.42%

5) Intra-group exposures

Particulars	31st March 2023	31st March 2022
i) Total amount of intra-group exposures	1,719.46	1,701.06
ii) Total amount of top 20 intra-group exposures	1,719.46	1,701.06
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	1.44%	1.48%

6) Unhedged foreign currency exposures

Particulars	31st March 2023	31st March 2022
Details of Unhedged Foreign Currency Exposures	Nil	Nil
Policies to manage currency induced risk	Nil	Nil

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

(₹ Lakhs)

7) Related Party Disclosures

Related Party Items	Parent (as per ownership or control)		Promoter Group		Key Management Personnel		Directors		Relatives of Key Management Personnel		Others		Total	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022	31st March 2023	31st March 2022
Balance Outstanding at the end of the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	571.25	435.97	-	-	-	-	1,035.00	735.00	-	-	1,606.25	1,170.97
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,586.84	1,567.31	6.38	9.17	-	-	-	-	902.90	951.51	2,498.12	2,572.99
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maximum Outstanding during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	563.25	373.76	-	-	-	-	875.00	575.00	-	-	1,438.25	948.76
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,500.00	1,500.00	-	-	-	-	-	-	850.00	850.00	2,350.00	2,350.00
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances given (Asset)	-	-	350.00	410.00	-	-	-	-	-	-	-	-	350.00	410.00
Advance for Property, Plant and Equipment (Asset)	-	-	-	1,500.00	-	-	-	-	-	-	-	-	-	1,500.00
Loans and advances repaid (Asset)	-	-	350.00	410.00	-	-	-	-	-	-	-	-	350.00	410.00
Investment in MCD (Liability)	-	-	197.10	-	-	-	-	-	300.00	300.00	-	-	497.10	300.00
Investment in Preference Shares (Liability)	-	-	-	216.70	-	-	-	-	-	-	-	-	-	216.70
Rent Paid	-	-	-	-	-	-	117.53	-	-	-	-	-	117.53	-
Resource Mobilisation Charges	-	-	272.12	-	-	-	-	-	-	-	-	-	272.12	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

8) Disclosure of Complaints

S. No	Particulars	31st March 2023	31st March 2022
	Complaints received by the NBFC from its customers	-	-
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	486	-
3	Number of complaints disposed during the year	486	-
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
	Maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

9) Top five grounds of complaints received from customers

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
31st March 2023					
Ground - 1 - NOC Related	-	196	NA	-	-
Ground - 2 - Statement of Account (SOA) Related	-	72	NA	-	-
Ground - 3 - Process Related	-	57	NA	-	-
Ground - 4 - Settlement Related	-	46	NA	-	-
Ground - 5 - AHC Related	-	39	NA	-	-
Others	-	76	NA	-	-
Total	-	486		-	-

Note :

Customer Complaints : The Company has been maintaining the details for the Customer Complaints from October 2021 to 31st March 2022. Accordingly, the percentage for the figures (2023 vs 2022) are not strictly comparable. Further, the details of such complaints are not available for the Financial year ended 31st March 2021 and hence not disclosed.

10) Breach of covenant

There were no instances of default or breaches of covenant in respect of loan availed or debt securities issued during the financial years ended March 31, 2023 and March 31, 2022.

11) Divergence in Asset Classification and Provisioning

- a) The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 % of the reported profits before tax and impairment loss on financial instruments for the reference period. Not applicable

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

- b) The additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period.

(₹ Lakhs)

5.No	Particulars	Amount
1	Gross NPAs as on March 31, 2022* as reported by the NBFC	5,942.21
2	Gross NPAs as on March 31, 2022 as assessed by the Reserve Bank of India/ NHB	6,643.10
3	Divergence in Gross NPAs (2-1)	700.89
4	Net NPAs as on March 31, 2022 as reported by the NBFC	2,005.26
5	Net NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	2,552.15
6	Divergence in Net NPAs (5-4)	546.89
7	Provisions for NPAs as on March 31, 2022 as reported by the NBFC	3,936.95
8	Provisions for NPAs as on March 31, 2022 as assessed by Reserve Bank of India/ NHB	4,090.95
9	Divergence in provisioning (8-7)	154.00
10	Reported Profit before tax and impairment loss on financial instruments for the year ended March 31, 2022	2,326.41
11	Reported Net Profit after Tax (PAT) for the year ended March 31, 2022	951.88
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2022 after considering the divergence in provisioning (Refer note below)	951.88

* March 31, 2022 is the close of the reference period in respect of which divergences were assessed.

Note : The adjusted notional net profit for the year ended 31st March 2022 is disclosed as the same as reported Net Profit After Tax despite the divergence in provisioning (as per IRACP) amounting to ₹ 154.00 Lakhs. This is in view of the fact that the Company as on 31st March 2022 is holding ₹ 488.72 Lakhs excess provision in Expected Credit Loss ("ECL") as per IND AS 109 compared to provisioning as per IRACP norms.

50. Disclosure under Regulations 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

(₹ Lakhs)

Particulars	31st March 2023	31st March 2022
a) Loans and advances in the nature of loans to subsidiaries	-	-
Name of the Company	-	-
Amount	-	-
b) Loans and advances in the nature of loans to associates	-	-
Name of the Company	-	-
Amount	-	-
c) Loans and advances in the nature of loans to firms/companies in which directors are interested		
ABT Industries Limited	30.97	-
Sakthi Foundation	37.13	81.76
Sudha Sanmarga Nilayam	4.59	9.01
d) Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.		

51. Disclosure under Regulation 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Debentures are secured by way of an exclusive mortgage of an immovable property of the Company in favour of Debenture Trustees, situated at 'GDA House', First Floor, Plot No.85, Bhusari Colony (Right), Paud Road, Pune.

52. Public Issue of Secured, Redeemable, Non-Convertible Debentures for ₹ 10,000 lakh

During April 2023, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 10,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating ₹ 20,000 lakhs. The NCD issue opened on 17th April 2023 and closed on 28th April 2023 the scheduled closure date, The Company received a valid subscription for ₹ 14,686.04 lakh. The Company

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

made allotment of 14,68,604 NCDs aggregating ₹ 14,686.04 lakh to the eligible allottees on 8th May 2023. The NCDs have been listed and admitted for trading with BSE Limited with effect from 8th May, 2023. The entire proceeds of the NCD issue are being utilized for the objects stated in the NCD Prospectus.

53. Disclosure under Code on Social Security, 2020

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

54. The Company does not fall under the definition of large corporate as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 and as such furnishing of necessary disclosures does not arise.

55. There were no whistle blower complaints received by the Company during the financial year ended March 31, 2023 and March 31, 2022. (Refer Note 21 of Board's Report and Refer Note 26(c) of Corporate Governance Report).

56. The Company has maintained proper books of accounts in electronic mode in servers physically located in India and further the Company has complied with the process of taking daily back-up of books of accounts as per Notification No. G.S.R. 624(E) dated 5th August 2023 issued by Ministry of Corporate Affairs.

57. There have been no events after the reporting date that require disclosure in these financial statements. The Board of Directors of the Company have recommended a dividend of 7% being ₹ 0.70 per share on the equity shares of the Company, for the year ended 31st March 2023 (₹0.60 per share - 31st March 2022) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised as a liability in the books in accordance with IND AS 10.

58. No fraud by the Company or on the Company has been noticed or reported in relation to the Financial Year 2022-23 and 2021-22.

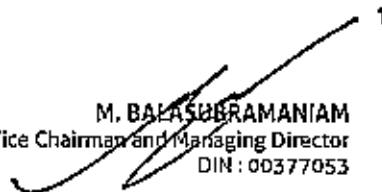
59. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No. : 0024855



MAHESH PRABHU
Partner
Membership No. 214194
Coimbatore
26th May 2023




M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053


C. SUBRAMANIAM
Company Secretary
Membership No. FCS 6971

For and on behalf of the Board


M. MANICKAM
Chairman
DIN : 00102233


SRINIVASAN ANAND
Chief Financial Officer
Membership No. 020694

CSK Prabhu & Co

Chartered Accountants

Star Kisan Centre
F4, 4th Floor, Krishnakwamy Madakar Road
Chinnestara-541002 India

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INDEPENDENT AUDITORS' REPORT

To the Members of Sakthi Finance Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the Financial Statements of Sakthi Finance Limited ("the Company"), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the 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 ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Emphasis of Matter

4. We draw attention to Note 7(d) to the accompanying Financial Statements, which explains the estimation uncertainty relating to COVID-19 pandemic and management assessment of the probable material impact on the Company's operations and financial metrics, including the non-fulfilment of the obligations by the customers due to lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.



INDEPENDENT AUDITORS' REPORT

Key Audit Matters (continued)

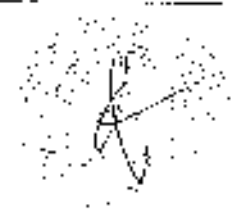
Description of Key Audit Matter

Key Audit Matters	How our audit addressed the Key Audit Matter
<p>5.1 Asset Classification</p> <p>Accuracy in identification and categorization of receivables from financing activities (loans) as performing and non-performing assets and in ensuring appropriate asset classification, existence and valuation of security/collaterals, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance with applicable guidelines/directions issued by Reserve Bank of India (RBI).</p> <p>As part of our risk assessment, we determined that accuracy of asset classification has bearing on the Financial Statements as a whole. Given the complexity of the matter, we determined this to be a Key Audit Matter.</p>	<p>Our Key Audit Procedures included the following:</p> <ul style="list-style-type: none"> • We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions. • The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("ICAI"). • Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance. • We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI. • The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. • Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.



INDEPENDENT AUDITORS' REPORT

Key Audit Matters	How our audit addressed the Key Audit Matter
<p data-bbox="192 316 746 382">5.2 Impairment of Loans (Expected Credit Losses) (Refer to the Accounting Policies in Note 2.f(v) to the Financial Statements and Note 46 of the Financial Statements).</p> <p data-bbox="192 404 746 502">Management's judgements in the calculation of impairment allowances have significant impact on the Financial Statements.</p> <p data-bbox="192 535 746 873">The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial Instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p data-bbox="192 906 746 939">The key areas of judgement include:</p> <ol data-bbox="192 950 746 1408" style="list-style-type: none"> 1. Categorization of loans into Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> a. Exposures with significant increase in credit risk since their origination and b. Individually impaired / default exposures and determination of Exposure at Default ("EAD"). 2. Techniques used to determine Loss Given Default ("LGD") and Probability of Default ("PD") to calculate ECL. 3. The impact of different forward-looking information including future macro-economic conditions in the determination of ECL. <p data-bbox="192 1430 746 1703">These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortized cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standards.</p> <p data-bbox="192 1736 746 1867">The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.</p>	<p data-bbox="808 404 1393 469">Our Key Audit Procedures included the following:</p> <ul data-bbox="777 491 1393 1474" style="list-style-type: none"> • We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology. • We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. • We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans. • For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation. • We also assessed the appropriateness of the impairment methodology adopted by the management including the possible impact of the uncertainties associated with the COVID-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard. <p data-bbox="777 1506 1393 1638">Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.</p>



INDEPENDENT AUDITORS' REPORT

In respect of accounts where moratorium benefits had been extended based on RBI's COVID-19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model. In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.

5.3 Information technology system

The dependence of Information technology ("IT") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated.

In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.

Our audit procedures focused on the following:

- IT infrastructure and applications relevant to the financial reporting.
- Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("IS") Audit performed in respect thereof.
- Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run.
- The aspects covered in the IT systems General Control audit were:
 - (i) User Access Management
 - (ii) System maintenance control have been ensured by understanding the design and the operating effectiveness of such controls in the system;
- Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.
- Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.



INDEPENDENT AUDITORS' REPORT

Information other than the Financial Statements and auditor's report thereon

6. The Company's management and Board of Directors are responsible for 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 auditors' report thereon.
7. The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. 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 Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
9. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

Management's and Board of Directors' Responsibilities for the Ind AS Financial Statements

10. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance including Other 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 ("Ind AS") specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended.
11. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
13. The Board of Directors is also responsible for overseeing the Company's financial reporting process



INDEPENDENT AUDITORS' REPORT

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

14. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
 - Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. 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.



INDEPENDENT AUDITORS' REPORT

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

17. 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.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

19. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
20. (A) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of 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, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors as on 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.
20. (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Financial Statements - Refer Note 33 to the Ind AS Financial Statements.



INDEPENDENT AUDITORS' REPORT

- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the Ind AS Financial Statements.
- d) (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 37(i) to the accounts, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The Management has also represented that, to the best of its knowledge and belief, as disclosed in Note 37(j) to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed 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) contain any material mis-statement.
- e) (i) The Equity dividend recommended in the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
- (ii) The interim dividend declared and paid by the Company on Redeemable Cumulative Preference Shares during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
- (iii) As stated in Note 57 to the Ind AS Financial Statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.



INDEPENDENT AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements (continued)

20. (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/provided to directors is within the limits laid down under Section 197 of the Act.

for CSK Prabhu & Co.
Chartered Accountants
Firm's Registration No: 0024855


CSK Prabhu
Partner

Membership No: 019811
UDIN: 22019811ATRTSF01519

Coimbatore
24 May 2022

Sakthi Finance Limited
Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the Financial Statements for the year ended 31 March 2022, we report the following:

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Properties.
- (B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) On the basis of our examination of the records of the Company, Property, Plant and Equipment have been physically verified by the management at reasonable intervals and further no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) On the basis of our examination of the records of the Company and conveyance deeds/lease agreements and such other documents provided to us, the title deeds of all the immovable properties, disclosed in the Financial Statements, are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the Financial Statements, the lease agreements are in the name of the company.
- (d) On the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 37(d) to the Ind AS Financial Statements.
- (ii) (a) The Company is in the business of providing loans and does not have any physical inventories. Accordingly, the provision of Clause 3(ii)(a) of the Order is not applicable.
- (b) During the year, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets (HP Loan/Finance Receivables). Based on our examination of the records of the Company, the applicable quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) (a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans. Therefore, the provisions of Clause (ii)(a)(A) and Clause (iii)(a)(B) of the order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, wherever applicable, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.



- (c) On the basis of our examination of the records of the Company, in our opinion, in respect of loans and advances in the nature of loans given, the schedule of repayment of principal and payment of interest has been stipulated. Since the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans to customers, and in view of the voluminous nature of loan transactions generated in the normal course of the Company's business, it is not practicable to furnish the entity-wise details of the loan amount, due date for payment and extent of delay (as suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) and hence have not been reported. Further, except for loans where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed the loan asset classification/staging in Note 50.5 to the Ind AS Financial Statements in accordance with the Indian Accounting Standards (Ind AS) and the guidelines issued by the RBI, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest, as applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("NPAs"), in accordance with the provisions of the applicable Accounting Standards and in accordance with the relevant guidelines of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("RBI") Guidelines/Directions have been followed in this respect. The overdue position as at 31 March 2022 is as follows: Number of such Overdue Receivables is 2,229 cases, Principal Amount Overdue is Rs.3,738.65 Lakhs, Interest Amount Overdue is Rs.778.13 Lakhs, and Total Amount Overdue is Rs.4,516.78 Lakhs.
- (e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the order is not applicable.
- (f) 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 or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2022 stood at Rs.92.48 lakhs (Previous Year Rs.96.62 lakhs) representing 0.001% (Previous Year 0.001%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.

Sakti Finance Limited**Annexure A to the Independent Auditors' Report**

- (iv) According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act; the other provisions of Section 186 of the Act are not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act, and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- (vi) The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, duty of excise, Value Added Tax or Cess or other statutory dues, as applicable, which have not been deposited on account of any dispute, except as mentioned below:

Name of the statute	Nature of dues	Amount* (₹ In Lakhs)	Period which amount relates (Financial Year)	to the	Forum where dispute is pending
Income Tax Act, 1961	Income tax	9.83	2014-12		Assessing Officer
Income Tax Act, 1961	Income tax	217.16	2015-16		Commissioner of Income Tax (Appeals)



Sakthi Finance Limited

Annexure A to the Independent Auditors' Report

Finance Act, 1994	Service tax	1328.29 (Gross Demand 1426.92 Less: Amount deposited under protest 98.63)	October 2009 to September 2014	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
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- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.
- (ix) (a) 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 defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause 3(x)(1) of the Order is not applicable.
- (x) (a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures during the current financial year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised.
- (b) The Company has not made any preferential allotment of shares or convertible debentures (fully, partially or optionally convertible) during the year. 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 made private placement of preference shares during the year and the requirements of Section 42 and Section 62 of the Act, have been complied with. Such funds raised by way of preference shares during the year have been used for the purposes for which the funds were raised.



- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit.
- (b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial auditor or by the predecessor auditors or by us in Form ADT - 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.
- (xii) The Company is not a Nidhi Company. Accordingly, Clause 3(vii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards. (Refer Note 44 of Ind AS Financial Statements)
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered all the internal audit reports issued to the Company for the period under audit.
- (xv) According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.
- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.
- (b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.
- (d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs as part of the Group.
- (xvii) The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.




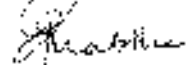
CSK Prabhu & Co

Sakthi Finance Limited

Annexure A to the Independent Auditors' Report

- (xviii) During the year, the previous statutory auditors of the Company have resigned pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.
- (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 (Refer Note 39 and Note 46 (Liquidity Risk) to the Ind AS Financial Statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) On the basis of information and explanations given to us by the Company, in respect of other than on-going projects, as at balance sheet date, the Company has no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- (b) On the basis of information and explanations given to us by the Company, the Company has no ongoing projects as at the balance sheet date. The Company has no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 38 to the Ind AS Financial Statements).
- (xxi) According to information and explanations given to us, the company does not have any Subsidiary/Associate/Joint Venture and therefore is not required to prepare and present consolidated Financial Statements pursuant to the provisions of any statute. Accordingly reporting under clause (xxi) of para 3 of the Order is not applicable.

Coimbatore
24 May 2022

for CSK Prabhu & Co
Chartered Accountants
Firm's Registration No: 0024855


CSK Prabhu
Partner
Membership No: 019811
UIN: 22019811ALRLSD1519

Sakti Finance Limited

Annexure B to the Independent Auditors' Report

Report on the Internal Financial Controls under Clause (l) of sub-section 3 of Section 143 of the Act
(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

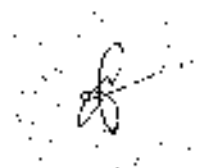
1. We have audited the internal financial controls with reference to Financial Statements of Sakti Finance Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to 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 (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

3. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. 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 Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.



Sakshi Finance Limited

Annexure B to the Independent Auditors' Report

Auditors' Responsibility (continued)

6. 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 with reference to Financial Statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

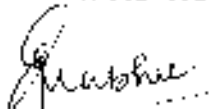
7. A company's internal financial controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to 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 Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Coimbatore
21 May 2022

for CSK Prabhu & Co
Chartered Accountants
Firm's Registration No: 0024855


CSK Prabhu
Partner
Membership No: 019811
UDIN: 22019811A1RLSD1519

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2022

Particulars	Note	₹ Lakhs	
		As at 31st March 2022	As at 31st March 2021
ASSETS			
Financial Assets			
Cash and cash Equivalents	3	1,449.51	1,564.11
Bank Balances other than Cash and cash Equivalents	4	1,129.31	375.79
Derivative Financial Instruments		-	-
Receivables	5		
(i) Trade Receivables		169.25	181.41
(ii) Other Receivables		16.56	3.52
Loans	6	1,10,311.20	1,09,353.73
Investments	7	2,487.88	2,668.28
Other Financial Assets	8	1,712.91	1,830.43
Non-Financial Assets			
Current tax Assets (net)		17.40	-
Deferred tax Assets (net)	9	217.94	-
Investment Property	10	275.21	279.81
Property, Plant and Equipment	11 (a)	5,946.63	6,122.29
Right of use assets	11 (b)	1,093.60	1,070.50
Intangible Assets under development	11 (c)	-	86.27
Other Intangible Assets	11 (d)	179.46	102.57
Other Non-Financial Assets	12	1,936.14	335.71
Total Assets		1,26,943.00	1,23,775.62
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	13		
(i) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.28	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		127.76	140.62
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		175.13	151.48
Debt Securities	14	41,560.04	28,711.26
Borrowings (Other than debt securities)	15	15,565.69	23,059.16
Deposits	16	8,540.00	17,086.35
Subordinated Liabilities	17	39,530.77	33,480.06
Other Financial Liabilities	18	1,426.14	1,672.37

BALANCE SHEET AS AT 31ST MARCH 2022 (CONTD...)

(₹ Lakhs)

Particulars	Note	As at 31st March 2022	As at 31st March 2021
Non-Financial Liabilities			
Current tax Liabilities (net)		-	47.29
Provisions	19	122.65	118.09
Deferred tax Liabilities (net)	20	-	39.48
Other Non-Financial Liabilities	21	99.55	68.47
EQUITY			
Equity Share Capital	22	6,470.59	6,470.59
Other Equity	23	13,323.80	12,726.94
Total Liabilities and Equity		1,26,943.00	1,23,775.42
The accompanying Notes form an integral part of the Financial Statements	1-59		

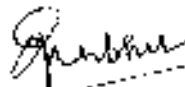
See accompanying Notes to the Financial Statements

As per our report of even date

For CS. C. Prabhu & Co

Chartered Accountants

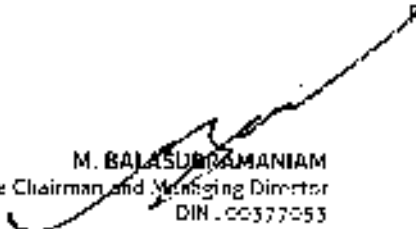
Firm Regn. No.: 0024855


CS. C. PRABHU
 Partner
 Membership No. 019811




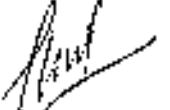
Place : Coimbatore
 Date : 24th May 2022

For and on behalf of the Board


M. BALASUBRAMANIAM
 Vice Chairman and Managing Director
 DIN : 00377053


M. MANICKAM
 Chairman
 DIN : 00102233


S. VENKATESH
 Company Secretary and
 Chief Compliance Officer
 FCS 7012


SRINIVASAN ANAND
 Chief Financial Officer
 Membership No.020694

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2022	For the year ended 31st March 2021
REVENUE FROM OPERATIONS			
Interest Income	24	17,566.97	16,597.96
Rental Income		29.62	3.52
Fees and Commission Income	25	321.49	313.23
Sale of power from Wind Mills	26	177.88	181.07
Recovery of Bad Debts		37.75	37.01
Total Revenue from operations		18,133.71	17,132.79
Other Income	27	1.40	0.87
Total Income		18,135.11	17,133.66
Expenses			
Finance Costs	28	10,775.85	10,552.96
Fees and commission expense		183.02	188.08
Impairment on financial instruments	29	1,034.37	787.71
Employee Benefits Expense	30	2,895.60	2,604.20
Depreciation and Amortization Expense	31	491.07	421.70
Other Expenses	32	1,463.16	1,341.57
Total Expenses		16,843.07	15,876.22
Profit before Exceptional and Extraordinary Items and Tax		1,292.04	1,257.44
Exceptional Items		-	-
Profit before Tax		1,292.04	1,257.44
Tax Expense:		340.16	351.65
- Current Tax		601.09	508.42
- Deferred Tax		(260.93)	(176.77)
Profit for the year		951.88	925.79
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		22.78	11.94
- Actuarial Changes in Defined benefit obligation		13.95	2.19
- Income Tax relating to items that will not be reclassified to profit or loss		(3.51)	(0.55)
Sub Total (A)		33.22	13.58
(B) Items that will be reclassified to profit or loss			
Total Other Comprehensive Income (A+B)		33.22	13.58
Total Comprehensive Income		985.10	939.37
Earnings per Equity Share			
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.52	1.45
- Diluted (₹)		1.52	1.45

The accompanying Notes form an integral part of the financial statements.

1-59

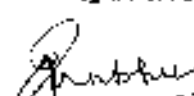
See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024885


CSK PRABHU

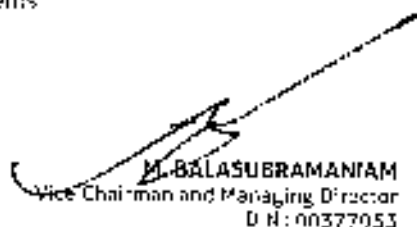
Partner

Membership No. 019612

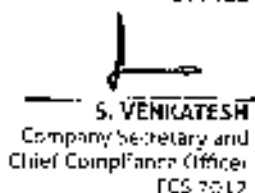


Place: Coimbatore

Date : 24th May 2022



M. BALASUBRAMANIAM
Vice Chairman and Managing Director
D.N. : 00377053

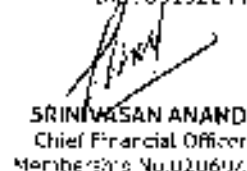


S. VENKATESH
Company Secretary and
Chief Compliance Officer
FCS 7017

For and on behalf of the Board



M. MANICKAM
Chairman
DIN : 00102244



SRINIVASAN ANAND
Chief Financial Officer
Membership No.020692

SAKTHI FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022

A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note 22)
Current reporting period and previous reporting period

Particulars	As at 31st March 2022	As at 31st March 2021
Balance at the beginning of the current reporting period	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting period	6,470.59	6,470.59
Changes in equity share capital, during the current year	-	-
Balance at the end of the current reporting period	6,470.59	6,470.59

(₹ Lakhs)

B. OTHER EQUITY (Refer Note 23)
(1) Current reporting period (1st April 2021 to 31st March 2022)

Particulars	Share application money pending all over	Equity component of compound financial instr. merts	Reserves and Surplus				Items of Other Comprehensive Income						Total		
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 85B of 2012)	Retained Earnings	Subsidiaries (Transf. Other Comprehensive Income)	Equity Instruments (Transf. Other Comprehensive Income)	Flow Hedges	Revaluation Surplus	Exchange Differences on translating the financial statements of a foreign operation		Actuarial changes in defined benefit obligations	Money received against share warrants
Balance at the beginning of the current reporting period 1st April 2021	-	-	52.61	1,439.80	4,436.00	3,352.67	3,478.91	-	(36.98)	-	-	-	-	-	12,726.94
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,439.80	4,436.00	3,352.67	3,478.91	-	(36.98)	-	-	-	-	-	12,726.94
Total Comprehensive Income for the year	-	-	-	-	-	150.38	951.88	(788.24)	22.78	-	-	-	-	-	985.10
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue Expenses on 1st Annual Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,857.17	(190.38)	(14.10)	-	-	-	-	24.87	13,313.80

(2) Previous reporting period (1st April-2020 TO 31st March 2021)

₹ Lakhs

Particulars	Share application money pending allotment	Equity component of compound financial instrument	Reserves and Surplus				Items of Other Comprehensive Income						Money received against loans	Total
			General Reserve	Surplus-Foreign	Other Reserves (as per Section 2(51) of 2013)	Retained Earnings	Debt revaluations through Other Comprehensive Income	Equity Investments through Other Comprehensive Income	Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translation of foreign operations		
Balance at the beginning of the current reporting period 1st April 2020	-	-	52.61	1,430.92	4,436.00	3,167.51	3,126.52	(48.92)	-	-	-	-	-	12,176.94
Changes in accounting policy of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,430.92	4,436.00	3,167.51	3,126.52	(48.92)	-	-	-	-	-	12,176.94
Term, Comprehensive Income for the year	-	-	-	-	-	-	321.79	-1.94	-	-	-	-	-	939.36
Dividends	-	-	-	-	-	-	(588.24)	-	-	-	-	-	-	(588.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	105.06	(185.05)	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	(1.12)	-	-	-	-	-	-	-	-	-	(1.12)
Balance as at 31st March 2021	-	-	52.61	1,439.80	4,436.00	3,352.67	3,478.91	(36.90)	-	-	-	-	-	12,726.94

See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024855


CSK PRABHU
 Partner

Membership No. 019811

For and on behalf of the Board



M. MANICKAM

Chairman

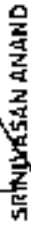
DIN : 00102233



M. BALASUBRAMANIAM

Vice Chairman and Managing Director

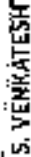
DIN : 00177053



SRI NIVASAN ANAND

Chief Financial Officer

Membership No.0200894



S. VENKATESH

Company Secretary and

Chief Compliance Officer

FCS-7012

Place : Coimbatore

Date : 24th May 2022

SAKTHI FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
A. Cash flow from Operating activities		
Profit before tax	1,292.04	1,257.44
Adjustment to reconcile profit before tax to net cash flows :		
Non-cash expenses		
Depreciation, amortisation	491.07	421.70
Impairment on Loan Assets	878.54	641.18
Bad debts and write-offs	157.35	166.76
Remeasurement gain/(loss) on defined benefit plans	13.95	2.29
Impairment on investments	3.17	3.46
Impairment on Trade receivables	(4.69)	(23.69)
Amortization of fees and Commission on financial liabilities	268.34	273.89
Income/expenses considered separately		
Income from investing activities	(577.04)	(252.83)
Net gain/loss on derecognition of property, plant and equipment	0.12	0.22
Finance costs	10,775.85	10,532.06
Operating profit before working capital changes	<u>13,498.70</u>	<u>13,023.28</u>
Movements in Working Capital:		
Decrease/(increase) in loans	(1,993.36)	(3,115.49)
Decrease / (increase) in Trade receivables	27.85	78.64
Decrease / (increase) in other receivables	(13.04)	5.17
Decrease / (increase) in other financial assets	134.35	344.83
Decrease / (increase) in other non-financial assets	(1,587.65)	(69.53)
Increase / (decrease) in Trade Payables	(15.84)	(23.75)
Increase / (decrease) in Other Payables	23.65	49.49
Increase / (decrease) in other financial liabilities	(300.77)	63.21
Increase / (decrease) in other non- financial liabilities	31.09	(23.42)
Increase / (decrease) in Provisions	4.56	(3.64)
Cash generated from operations	<u>(3,699.16)</u>	<u>(2,694.49)</u>
Income taxes paid (net of refunds)	(665.78)	(424.34)
Interest received on Bank deposits	150.80	31.66
Finance costs paid	(9,082.00)	(9,296.71)
Net Cash flows from / (used in) operating activities (A)	<u>210.56</u>	<u>639.40</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(324.69)	(140.66)
Proceeds from sale of investments at amortised cost	200.00	-
Proceeds from sale of property, plant and equipment and intangible assets	0.03	0.35
Interest income received from investment at amortised cost	218.24	221.17
Increase in earmarked balances with banks	(753.57)	93.80
Net cash flows from / (used in) investing activities (B)	<u>(659.94)</u>	<u>174.46</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022 (CONTD...)

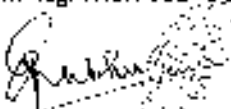
₹ Lakhs

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue Expense of Debt Securities / Equity Shares	(12.78)	56.48
Proceeds from borrowings through debt securities	18,779.68	13,474.41
Repayment of borrowings through debt securities	(5,990.96)	(16,277.81)
Proceeds from borrowings through Deposits	-	702.12
Repayment of borrowings through Deposits	(8,601.79)	(2,738.22)
Proceeds from borrowings other than debt securities		5,600.00
Repayment of borrowings other than debt securities	(3,528.23)	(3,870.19)
Proceeds from borrowings through subordinated liabilities	5,090.47	3,537.70
Repayment of borrowings through subordinated liabilities	(763.89)	(831.21)
(Increase) / decrease in loan repayable on demand	(4,050.93)	25.04
Lease liability paid	1.45	(152.62)
Dividend paid	(388.24)	(388.24)
Net cash flows from financing activities (C)	534.78	(562.54)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	85.40	251.32
Cash and cash equivalents at the beginning of the year	1,364.11	1,112.79
Cash and cash equivalents as at the year ended	1,449.51	1,364.11
Net cash provided by / (used in) Operating Activities includes:		
Interest received	17,189.93	16,545.13
Interest paid	(9,082.00)	(9,296.71)
Net cash provided by / (used in) operating activities	8,107.93	7,048.42
Cash and cash equivalents at the end of the year:		
i) Cash in hand	270.41	714.34
ii) Cheques on hand	48.71	540.37
iii) Balances with banks (if the nature of cash and cash equivalents)	1,130.39	109.40
Total	1,449.51	1,364.11


The above Cash Flow Statement has been prepared under the indirect method as set-out in and As / "Statement of Cash Flows"


See accompanying Notes to the Financial Statements

As per our report of even date
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No.: 0024255



CSK PRABHU
Partner
Membership No. 019921


Place : Coimbatore
Date : 24th May 2022


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377063


S. VENKATESH
Company Secretary and
Chief Compliance Officer
FCS 7012

For and on behalf of the Board


M. MANICKAM
Chairman
DIN : 00102723


SRINIVASAN ANAND
Chief Financial Officer
Membership No. 0700194

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office at 62, Dr. Nanjappa Road, Coimbatore, Tamilnadu - 641018.

The Company is a deposit-taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") vide certificate No. U7-00252 dated 8th May 1998. By virtue of RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC Investment and Credit Company (NBFC-ICC). The Company mainly is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have at their meeting held on 24th May 2022, approved the Financial statements of the Company for the year ended 31st March 2022.

2. Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and the relevant provisions of the Act as applicable. Master Direction - Non Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking company (Reserve Bank) Directions 2016 ("the NBFC Master Directions") and the notification for implementation of Indian Accounting

Standards vide circular RBI/2019-20/1700 OR(NBFC), CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 ("RBI Notification for Implementation of Ind AS") issued by RBI.

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Values Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The regulatory disclosures as required by NBFC Master Directions to be included in the Notes forming an integral part of the financial statements are prepared as per RBI Notification for Implementation of Ind AS dated: 13th March 2020.

b. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III of Schedule III to the Act applicable to

NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

The financial statements are presented in Indian Rupees (₹) which is the functional currency of the company and all values are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

c. Significant accounting judgements, estimates and assumptions

Use of Estimates, Judgements and Estimation of uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, which might have an effect on these financial statements. The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in preparation of financial statements are prudent and reasonable.

Existing circumstances and assumptions about future development however may change due to market changes or circumstances arising that are beyond the control of the company. In the process of applying the Company's accounting policies management has made the reasonable estimates and judgements in relation to the carrying amount of assets and liabilities at each balance sheet date.

In particular, information about significant areas of estimation, uncertainty and critical judgments

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

(a) Business Model Assessment

Classification and measurement of financial assets depends on the results of the business model test and Solely Payments of Principal and Interest SPPI. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(b) Defined employee benefit obligations

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

(c) Fair value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit

risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of loans portfolio

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

(e) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can reliably be estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance sheet date and revised to take account of changing facts and circumstances.

(f) Effective Interest Rate ("EIR") method on Financial Assets

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

(g) Estimation uncertainty relating to COVID-19

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial statements in determining the impact of Covid-19 on various elements of its financial statements. The Company

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of assets. The eventual outcome of impact of the global health pandemic including the non-fulfilment of the obligations by the customers due to lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation may be different from those estimated as on the date of approval of these financial statements.

d. Impact of Covid 19

The COVID 19 pandemic has resulted in significant decrease in economic activities throughout the Country as well as Global. The Government of India and respective State Governments announced a strict curfew and lockdown across the country to control the spread of virus. This had a consequential impact on the regular operations of the company. Further, the Company had extended the moratorium and also implemented resolution framework for eligible borrowers as per Reserve Bank of India ("RBI") directives issued from time to time. The relevant disclosures are given in Note 50.4 to the Financial Statements.

e. New Accounting Standards issued but not effective / Recent Accounting Development

On March 24, 2021, MCA through a notification, amended Schedule III to the Companies Act 2013 effective from April 01, 2021. Amendments relating to Division III which relate to NRFCs whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, have been complied with.

Ministry of Corporate Affairs ("MCA") have vide notification G.S.R. 255(E) dated 23rd March 2022, notified Amendments to the Companies (Indian Accounting Standards) Rules 2015, which are applicable from 1st April 2022. The company will evaluate and make the disclosures from subsequent year.

a) Ind AS 16 – Property, Plant and Equipment Proceeds before Intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss statement. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial

statements.

b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour; materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

c) Ind AS 103 – Business Combinations

Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

d) Ind AS 109 – Financial Instruments

Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

e) Ind AS 116 – Leases

Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

f. Financial Instruments

1. Initial Recognition and Measurement

Financial assets and Financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

ii. Classification and Subsequent Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

- At amortised cost
- At Fair Value Through Other Comprehensive Income ("FVTOCI")
- At Fair Value Through Profit and Loss ("FVTPL")

The Company classifies financial liabilities at amortised cost unless it has designated liabilities at fair value through profit and loss.

Financial Assets at Amortised Cost

The classification of financial assets such as cash and cash equivalents, Loans, trade receivables and investments (other than classified at FVTOCI) are measured at amortized cost based on the assessment of business model as follows:

Business model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

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 and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held

within that business model) and, in particular, the way those risks are managed;

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at a amortised cost, its contractual terms should give rise to cash flows that meet SPPI test. For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

Financial Assets at FVTOCI

Equity Instruments

The Company has made an irrevocable election to classify and measure the listed equity instruments at FVTOCI to present the subsequent changes in fair value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the

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instrument, in which case, such gains are recorded in OCI.

Financial liabilities at Amortised cost

The company had classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds, and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till 31st March 2020, the issue expenses relating to public issue of Non Convertible Debentures was set off against security premium. From 01st April 2020 onwards, the amortised issue expenses are written off in the statement of profit and loss.

iv. Derecognition of Financial Instrument

Financial Asset

The Company derecognises the financial asset when, and only when:

- The contractual rights to receive the cash flows from the financial 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 a 'pass-through' arrangement; and either:
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received shall be recognised in statement of profit and loss.

Financial Liability

The Company derecognises the financial liability when, and only when it is extinguished i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability shall be considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

On derecognition of a financial liability, the difference between: (a) the carrying amount and (b) the consideration paid shall be recognised in the statement of profit and loss.

v. Impairment of Financial Assets

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss (FVTPL), referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

The ECL is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company

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assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The Company has categorized its loans into Stage 1, Stage 2 and Stage 3, as detailed below:

Stage 1:

Financial assets, where there has not been a significant increase in credit risk since initial recognition (or) that has low credit risk at the reporting date and that are not credit impaired upon origination, are classified under this stage. The Company classifies all standard loans and loans upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12-month ECL for Stage 1 assets.

Stage 2:

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment, are classified under this stage. 30 Days Past Due is considered under Stage 2. The Company provides Lifetime ECL for Stage 2 assets.

Stage 3:

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified in this stage. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

ECL on Investment in Government securities

The Company has invested in Government Securities. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

Simplified approach for trade/other receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component.

g. Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

h. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company on the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company applied the fair value hierarchy for the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are:

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable input that is significant to the measurement as a whole

The Company determines appropriate classes of assets and liabilities on the basis of the following:

- the nature, characteristics and risks of the asset or liability; and
- the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the unwilling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

i. Property, Plant and Equipment ("PPE")

The Company recognises an item of property, plant and equipment when:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset beyond its previously assessed standards of performance if it is probable that future economic benefit will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed by Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	5 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss

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on disposal in the Statement of profit and loss in which the year asset is derecognized

j. Intangible Assets and Amortisation

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over the estimated useful life, in a straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

k. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Note 10. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer."

l. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine,

if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment in order to determine the impairment loss, if any, at the end of each reporting period.

m. Segments

The Company's main business is financing by way of loans in India. All other activities are not significant and incidental to the main business. Thus in the context of Ind AS 108 Operating Segment Reporting is considered to constitute one reportable segment.

n. Employee Benefits

Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plan

Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employee provident fund and employee state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as expense when an employee renders related service.

Defined Benefit Plan

Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an Independent Actuary using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, post service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense

or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and remeasurements of defined benefit liability is recognised in the statement of profit or loss.

a. Income

i. Interest Income

The Company recognises interest income using Effective Interest Rate ("EIR") on all financial assets subsequently measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ("Stage 3"), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments / non-payment of contractual cash flows is recognised on realization, since the probability of collecting such monies is established when the customer pays.

Interest Income from Government securities is recognized on time proportion basis taking into

account the amount outstanding and the rate applicable.

ii. Dividend Income

Dividend income on equity shares is recognized when the right to receive the payment is established by the reporting date.

iii. Other Operating Income

The Company recognises 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 recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises income on recoveries of financial assets written off on realisation basis.

iv. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset.

v. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of performance obligation. Cheque bouncing charges levied on customers for non-payment of instalment on the contractual date is recognised on realization, since the probability of collecting such monies is established when the customer pays. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on happening of realization, since the probability of collecting such monies is established when the customer pays.

vi. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid by satisfaction of performance obligation.

vii. Net gain/loss on fair value change

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company

recognises gains/loss on fair value change of financial assets measured at FVTOCI.

p. Foreign Currency Transaction

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any, that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

q. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method as per Ind AS 109 on Financial Instrument and interest in respect of lease liability recognised in accordance with Ind AS 116.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

r. Finance costs

Finance cost include Interest Expenses computed by applying the Effective Interest Rate ("EIR") on the respective financial instrument measured at Amortised Cost. Financial Instruments includes outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

s. Income Taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

i. Current tax

Current tax is the amount of tax payable to (recoverable from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items

recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

ii. Deferred Tax

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax relating to items recognized outside profit or loss is recognised either in other comprehensive income or in other equity.

t. Goods and Services Input Tax Credit

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

u. Leases

As a Lessee

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value on modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. On subsequent period, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental

borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

As a Lessor

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

v. Provisions, Contingent Assets and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the company

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

w. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

k. Statement of Cash Flow

Statement of Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

y. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
3. CASH AND CASH EQUIVALENTS		
Cash on hand	270.41	714.54
Balance with Banks in Current Accounts	1,130.39	109.40
Cheques, drafts on hand	48.71	540.37
Total	1,449.51	2,364.11
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts**	46.52	56.83
Term Deposits with Banks :		
- Free	900.00	-
- Under Lien #	182.79	118.96
Total	1,129.31	375.79

Details of Term Deposits under Lien :

Particulars	As at 31st March 2022		As at 31st March 2021	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets#	182.79	9.20	318.96	12.83
Total	182.79	9.20	318.96	12.83

* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (bank deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the company.

** Includes minimum bank balance

5. RECEIVABLES

(i) Trade Receivables

Unsecured - Considered good

- Unsecured - Considered good	97.37	111.14
- Unsecured - Credit Impaired	116.35	120.43
Less: Impairment Loss Allowance	(44.47)	(49.16)
Total	169.25	182.41

(ii) Other Receivables

Unsecured - Considered good

Rent Receivables	16.56	3.52
Total	16.56	3.52

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

Trade Receivables Ageing Schedule as at 31st March 2022

Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables - considered good	23.48	73.89	-	-	-	97.37
Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade receivables - credit impaired	-	-	100.81	15.54	-	116.35
Disputed Trade Receivables - considered good	-	-	-	-	-	-
Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Less : Impairment Allowance	(44.47)	(19.59)	(13.71)	(1.51)	-	(44.47)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Trade Receivables Ageing Schedule as at 31st March 2021

(₹ Lakhs)

	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good		40.34	70.82	-	-	-	111.16
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	107.52	12.91	-	120.43
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment Allowance		(2.47)	(18.77)	(19.96)	(1.56)	-	(49.16)

Particulars	As at 31st March 2022	As at 31st March 2021
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6. LOANS

(A) Loans (at amortised cost) ~

Hire Purchase Loans#	1,14,406.27	1,12,645.02
Loans Repayable on Demand	105.56	81.36
Other Loans ##	310.64	260.08
Total (Gross)	1,14,822.47	1,12,986.46
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
Total (Net)	1,10,311.20	1,09,353.73

(B) (i) Secured by Tangible Assets

(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Guarantee	-	-
(iv) Unsecured	416.20	342.44
Total (Gross)	1,14,822.47	1,12,986.46
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
Total (Net)	1,10,311.20	1,09,353.73

(C) (i) Loans in India

(a) Public Sector	-	-
(b) Others	1,14,822.47	1,12,986.46
Total (Gross)	1,14,822.47	1,12,986.46
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
Total (Net) - C (i)	1,10,311.20	1,09,353.73
(ii) Loans Outside India	-	-
Less: Impairment Loss Allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	1,10,311.20	1,09,353.73

~ There is no loan assets measured or designated at FVTOCI or FVTPL

Includes Repossessed Assets

Represents Staff Loans

Refer Note Aa on 2 statement pursuant to Ind AS 24 on Related Party Disclosures for Loans and Advances given to all outstanding dues from related parties

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Particulars			(₹ Lakhs)	
			As at 31st March 2022	As at 31st March 2021
7. INVESTMENTS				
At Amortised Cost				
Investments in Government Securities	Number	Face Value per unit (₹)		
Quoted				
Bonds of Central and State Governments #	23,68,000	100	2,374.44	2,577.61
Total (A)			<u>2,374.44</u>	<u>2,577.61</u>
At Fair value through Other Comprehensive Income				
Investments in Equity Instruments				
Sakthi Sugars Limited	5,52,833	10	75.07	52.30
Chokhani international Limited	100	10	0.02	0.02
Total (B)			<u>75.09</u>	<u>52.32</u>
At Cost				
Investments in Equity Instruments				
Unquoted				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
ABT Co-operative Stores Limited	500	10	0.05	0.05
Sciles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
Total (C)			<u>38.41</u>	<u>38.41</u>
Total (Gross) - (A+B+C)			<u>2,487.94</u>	<u>2,668.34</u>
(i) Investments Outside India			-	-
(ii) Investments In India			<u>2,487.94</u>	<u>2,668.34</u>
Total			<u>2,487.94</u>	<u>2,668.34</u>
Less: Impairment Loss Allowance			0.06	0.06
Total (Net)			<u>2,487.88</u>	<u>2,668.28</u>
<p># In accordance with Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016 (as amended), the Company has created a floating charge on the statutory liquid assets comprising investment in Government securities on the above investments in favour of DPT Trusteeship Services Ltd, trustee representing the Public Depositors of the company.</p> <p>* There is no investment in Government Securities measured at FVOCI.</p>				
8. OTHER FINANCIAL ASSETS				
Interest accrued on Government Securities			52.71	56.16
- Interest accrued on Term Deposits				
- Free			4.84	-
- Under Lien (Refer Note 4)			9.20	12.83
- Security Deposits			160.20	169.38
- Other Loans and Advances			1,370.36	1,562.29
- Advance to Employees			15.60	29.77
Total			<u>1,712.91</u>	<u>1,830.43</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
9. DEFERRED TAX ASSETS (net)		
a. Application of Expected Credit Loss on Financial Assets	982.42	-
b. Employee benefit expenses	30.87	-
c. Right of Use Assets & Lease Liabilities	7.84	-
d. Application of EIR on Financial Liabilities	(64.83)	-
e. Differences in Carrying amount of Property, Plant and Equipment	(738.36)	-
Total	217.94	

10.a) INVESTMENT PROPERTY

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2020	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2021	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2022	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2020	-	9.20	9.20
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2021	-	13.80	13.80
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2022	-	18.40	18.40
Net Carrying amount			
As at 31st March 2021	66.87	212.94	279.81
As at 31st March 2022	66.87	208.34	275.21
Useful Life of the Asset (In Years)	-	60	-

10.b) Rental Income with respective expenses

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Rental Income - Building	2.32	3.52
Direct operating expenses on properties generating rental income to include	0.42	0.49

10.c) Fair Value of Investment Property with assumptions applied in determining the fair value of Investment property

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
Sensitivity analysis						
Investment Property As at 31st March 2022	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2021	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	3%	370	19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

11 (a) Property, Plant and Equipment - Tangible Assets (₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at 1st April 2020	2,764.91	1,712.89	93.22	1,615.39	333.34	97.16	164.98	6,781.89
Additions	-	-	0.99	-	3.86	-	46.52	51.37
Disposals	-	-	-	-	-	-	0.57	0.57
Carrying Amount as at 31st March 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Additions	1.56	-	4.20	-	22.79	-	38.03	66.58
Disposals	-	-	0.23	-	-	-	-	0.23
Carrying Amount as at 31st March 2022	2,766.47	1,712.89	98.18	1,615.39	359.99	97.16	248.96	6,899.04
Accumulated depreciation / amortisation and impairment	-	-	-	-	-	-	-	-
Balance as at 1st April 2020	-	107.98	14.48	209.14	63.72	26.06	43.86	465.24
Depreciation for the year	-	54.02	7.97	104.57	36.16	13.50	28.94	245.16
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Depreciation for the year	-	49.32	8.01	104.57	36.57	12.71	30.96	242.09
Depreciation on disposals	-	-	0.08	-	-	-	-	0.08
Balance as at 31st March 2022	-	211.32	30.38	418.28	136.40	52.27	103.76	952.41
Net Carrying amount	-	-	-	-	-	-	-	-
As at 31st March 2021	2,764.91	1,550.89	71.76	1,301.68	237.32	57.60	138.13	6,122.29
As at 31st March 2022	2,766.47	1,501.57	67.80	1,197.11	223.59	44.89	145.20	5,946.63
Useful Life of the Asset (In Years)	-	60	15	22	10	8	10	-

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2022 (Refer Note 14 & 15)

As at 31st March 2022	1,73.80	1,347.64	-	-	-	-	-	1,521.44
As at 31st March 2021	173.80	1,391.56	-	-	-	-	-	1,565.36

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

11 (b) Right of use Assets

(₹ Lakhs)

Particulars	Amount
Gross Carrying Amount as at 1st April 2020	1,492.53
Additions	-
Disposals	7.97
Carrying Amount as at 31st March 2021	1,484.56
Additions	240.82
Disposals	-
Carrying Amount as at 31st March 2022	1,725.38
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2020	269.76
Depreciation for the year	144.50
Depreciation on Disposals	-
Balance as at 31st March 2021	414.06
Depreciation for the year	217.72
Depreciation on Disposals	-
Balance as at 31st March 2022	631.78
Net Carrying amount	
As at 31st March 2021	1,070.50
As at 31st March 2022	1,093.60
Useful Life of the Asset (In Years)	3

11 (c) Intangible Assets under development

Particulars	Amount
Carrying Amount as at 1st April 2020	15.07
Additions	71.20
Disposals	-
Carrying Amount as at 31st March 2021	86.27
Additions	10.99
Disposals	97.26
Carrying Amount as at 31st March 2022	-
As at 31st March 2021	86.27
As at 31st March 2022	-

Intangible Assets under Development ageing schedule

As at 31st March 2022

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2021

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	86.27	-	-	86.27
Projects temporarily suspended	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

11 (d) Other Intangible Assets - Computer Software

Particulars	(₹ Lakhs)
Carrying Amount as at 1st April 2020	263.61
Additions	15.25
Disposals	-
Carrying Amount as at 31st March 2021	278.86
Additions	103.56
Disposals	-
Carrying Amount as at 31st March 2022	382.42
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2020	148.66
Depreciation for the year	27.63
Depreciation on disposals	-
Balance as at 31st March 2021	176.29
Depreciation for the year	26.67
Depreciation on disposals	-
Balance as at 31st March 2022	202.96
Net Carrying amount	
As at 31st March 2021	102.57
As at 31st March 2022	179.46
Useful Life of the Asset (In Years)	6

Capital Work In Progress (CWIP) ageing schedule

As at 31st March 2022

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan.

As at 31st March 2021

Capital Work in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work In Progress, whose completion is overdue or has exceeded its cost compared to its original plan.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
12. OTHER NON-FINANCIAL ASSETS		
Considered good-Unsecured		
- Advance for Property, Plant and Equipment	1,500.00	-
- Prepaid Expenses	124.34	103.49
- GST Input Tax Credit (Refer Note 2 (t))	289.17	221.27
- NCD Public Issue Expenses	12.78	-
- Others	9.85	11.01
Total	1,936.14	335.77

Refer Note 44 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

LIABILITIES AND EQUITY

13. PAYABLES

(I) Trade Payables

(i) Total outstanding dues of micro enterprises and small enterprises	0.28	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.76	140.62

(II) Other Payables

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	175.13	151.48
Total	303.17	295.36

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.28	3.26
- Interest on the above		
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year		
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		
Total	0.28	3.26

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Trade Receivables Ageing Schedule as at 31st March 2022

(₹ Lakhs)

	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
	Unbilled Revenue	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
MSME	-	0.26	-	-	-	0.26
Others	-	307.89	-	-	-	307.89
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Trade Receivables Ageing Schedule as at 31st March 2021

	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
	Unbilled Revenue	Less than 1 year	1-2 Years	2-3 years	More than 3 years	
MSME	-	3.26	-	-	-	3.26
Others	-	292.10	-	-	-	292.10
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

14. DEBT SECURITIES

At Amortised Cost

Non-Convertible Debentures - Secured	41,560.04	28,711.26
Total	41,560.04	28,711.26
Debt Securities in India	41,560.04	28,711.26
Debt Securities outside India	-	-
Total	41,560.04	28,711.26

Note:

- There is no debt securities measured at FVTOCI or designated at FVTPL.
- The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹45,051.25 Lakhs (31st March 2021 ₹50,902.68 Lakhs).
- For Debt securities subscribed by the related parties Refer Note 44.

Details of Non-Convertible Debentures - Secured :

Particulars	As at 31st March 2022	As at 31st March 2021
A. Issued on private placement basis - Face Value of Rs 1,000/-		
Repayable on maturity:		
Interest Range 8.75% to 10%		
Maturing within 1 year	3,920.00	4,628.00
Maturing between 1 to 2 years	3,038.30	3,201.00
Maturing between 2 to 3 years	2,454.50	3,426.30
Sub-Total (A)	10,312.80	11,255.30
Add: Interest accrued but not due	454.95	369.78
Less: unamortized charges	44.46	52.10
(A) Total Amortized Cost	10,723.29	11,572.98

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
B) Public Issue - Face value of ₹1,000/-		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	5,324.98	1,991.39
Maturing between 1 years to 2 years	11,652.10	5,324.98
Maturing between 2 years to 3 years	6,530.39	5,489.52
Maturing between 3 years to 4 years	5,673.13	3,272.12
Sub-Total (B)	29,180.60	16,077.81
Add : Interest accrued but not due	1,999.49	1,079.40
Less: unamortized charges	343.34	218.43
(B) Total Amortized Cost	30,836.75	16,938.78
TOTAL (A)+(B)	41,560.04	28,711.26
Total Amortized Cost (A + B)	41,560.04	28,711.26

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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15. BORROWINGS (OTHER THAN DEBT SECURITIES)

At amortized cost

Term Loan -Secured

- From Banks

- From Other Lenders

Loan Repayable on Demand

Cash Credit Facilities from Banks

Total

Borrowings in India

Borrowings outside India

Total

There is no borrowings measured at FVTOCI or designated at FVTPL.

	3,810.72	5,568.31
	1,240.84	2,925.80
	10,514.13	14,565.05
Total	15,565.69	23,059.16
Borrowings in India	15,565.69	23,059.16
Borrowings outside India	-	-
Total	15,565.69	23,059.16

a) Term loans from Banks are secured as under :

1) State Bank of India

Sl. No.	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31st March 2021
			Commence ment date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025		3,365.80	4,395.00	
2	600.00	7.75%	30.11.2020	30.04.2022		22.00	460.00	
Add : Interest accrued but not due							-	-
Less: unamortized charges							43.22	56.57
Total Amortized Cost							3,344.58	4,770.43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

ii) Industnd Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	650,000	12.00%	04.03.2020	04.06.2023	3 Mths	Hypothecation of specified Hire Purchase receivables	303.81	512.52
2	350.00	12.00%	04.03.2020	04.06.2023	3 Mths		161.69	274.29
Add: Interest accrued but not due							4.13	6.98
Less: unamortized charges							3.49	3.05
Total Amortized Cost							466.14	790.74

iii) HDFC Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	29.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta LX Car	-	6.09
Total Amortized Cost							-	6.09

b) Term loans from other Lenders are secured as under:

i) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	1,500.00	14.00%	06.04.2020	07.03.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	50.33
Add: Interest accrued but not due							-	8.30
Less: unamortized charges							-	10.43
Total Amortized Cost							-	799.20

ii) Hinduja Leyland Finance Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	1,500.00	10.25%	07.03.2018	07.04.2021	2 Mths	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	45.40
Add: Interest accrued but not due							-	0.33
Less: unamortized charges							-	-
Total Amortized Cost							-	48.73

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

iii) Shriram Transport Finance Company Ltd

(₹ Lakhs)

S. No.	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	826.37	1330.70
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		408.04	737.19
Add: Interest accrued but not due							11.43	19.15
Less: unamortized charges							5.00	9.17
Total Amortized Cost							1,240.84	2,077.87

c) Loans repayable on demand - Cash credit facilities with banks (secured)

Particulars	As at 31st March 2022		As at 31st March 2021	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.25%	10,516.14	9.65 % to 12.60%	14,556.33
Add: Interest accrued but not due		25.77		33.18
Less: unamortized charges		27.78		24.86
Total Amortized Cost		10,514.13		14,564.65

The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

(i) There is no default in repayment of loans and interest thereon.

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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16. DEPOSITS (UNSECURED)

At amortized cost

Public Deposits	8,540.60	17,086.35
Total	8,540.60	17,086.35

There is no Deposits measured at FVTOC or designated at FVTPL

Details of Deposits - Unsecured :

Particulars	As at 31st March 2022	As at 31st March 2021
- Repayable on maturity:		
Interest Range 7.75% to 9%		
Maturing within 1 year	5,544.55	8,025.57
Maturing between 1 to 2 years	2,217.84	5,763.06
Maturing between 2 to 3 years	-	2,257.83
Sub-Total	7,762.39	16,046.46
Add: Interest accrued but not due	799.48	1,117.20
Less: unamortized charges	21.27	77.31
Total Amortized Cost	8,540.60	17,086.35

For Deposits held by related parties, refer Note No. 44

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at	As at
	31st March 2022	31st March 2021
17. SUB-ORDINATED LIABILITIES (UNSECURED)		
At amortized cost		
Non-Convertible Debentures - Unsecured	11,640.38	6,461.97
Redeemable Cumulative Preference Shares (RCPS)	1,490.29	1,842.25
Sub-Ordinated Debts	26,400.10	25,776.84
Total	39,530.77	33,480.06
Sub-Ordinated Liabilities in India	39,530.77	33,480.06
Sub-Ordinated Liabilities outside India	-	-
Total	39,530.77	33,480.06

There is no Subordinated liabilities measured at FVTOCI or designated at FVTPI

Terms/rights attached to RCPS: The RCPS do not have voting rights other than matters which directly affect them. In the event of any due and payable dividends remain unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity share holders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31st March 2022, the Company declared and paid an interim dividend of ₹ 134.06 lakhs after deduction of TDS of ₹ 5.72 lakhs on RCPS of ₹ 100 each fully paid (31st March 2021 : ₹ 34.75 lakhs)

Details of Sub-Ordinated Liabilities - Unsecured :

Particulars	As at 31st March 2022	As at 31st March 2021
A) Non-Convertible Debentures - Unsecured :		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 2 years to 3 years	4,374.80	-
Maturing between 3 years to 4 years	1,603.70	4,374.80
Maturing between 4 years to 5 years	4,759.47	1,603.70
Sub-Total (A)	10,737.97	5,978.50
B) Preference Shares		
Repayable on maturity:		
8.25% Redeemable Cumulative Preference Shares		
Maturing within 1 year	-	665.00
Maturing between 2 years to 3 years	1,500.00	1,169.00
Sub-Total (B)	1,500.00	1,834.00
C) Sub-Ordinated Debts		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 1 to 2 years	9,914.40	-
Maturing between 2 to 3 years	12,221.80	9,914.40
Maturing between 3 to 4 years	1,244.40	12,221.80
Maturing between 4 to 5 years	-	1,244.40
Sub-Total (C)	23,380.60	23,380.60
Sub-Total (A+B+C)	35,618.57	31,193.10

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Add: Interest accrued but not due		
A) Non-Convertible Debentures - Unsecured	1,027.31	532.06
B) Preference Shares	-	8.58
C) Sub-Ordinated Debts	3,122.15	1,944.88
Less: Unamortized charges		
A) Non-Convertible Debentures - Unsecured	124.89	49.59
A) Preference Shares	9.71	0.13
B) Sub-Ordinated Debts	102.66	148.64
Total amortized cost	39,530.77	33,480.06

In respect of Sub-Ordinated Liabilities subscribed by related parties refer Note 44

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021

18. OTHER FINANCIAL LIABILITIES

Investor Education and Protection Fund shall be credited by the following amounts (as and when due)

-Unclaimed dividends	46.42	56.73
-Unclaimed matured deposits and Interest accrued thereon	251.20	349.05
-Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	25.41	49.32
-Unclaimed matured debentures and Interest accrued thereon	180.40	182.35
-Unclaimed Redeemable Cumulative Preference Shares	13.00	181.00
Advances from Customers	450.33	449.10
Security Deposits	73.21	73.21
Lease Liabilities - Refer Note No.49	386.17	331.61
Total	1,426.14	1,672.37

Note: Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 300 have not been transferred into Investor Education and Protection Fund, due to pending legal proceedings

19. PROVISIONS

Provision for Employee Benefits

Provision for bonus	53.00	47.95
Provision for gratuity (net)	8.69	21.12
Provision for leave encashment	60.96	49.02
Total	122.65	118.09

20. DEFERRED TAX LIABILITIES (net)

a. Application of Expected Credit Loss on Financial Assets	-	(793.33)
b. Employee benefit expenses	-	(29.72)
c. Right of Use Assets & Lease Liabilities	-	(7.35)
d. Application Of EIR On Financial Liabilities	-	96.20
e. Differences in Carrying amount of Property, Plant and Equipment	-	773.68
Total	-	39.48

21. OTHER NON-FINANCIAL LIABILITIES

Tax Deducted at source	99.55	68.47
Total	99.55	68.47

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at	As at
	31st March 2022	31st March 2021
22. SHARE CAPITAL		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each	10,000.00	10,000.00
(FY 2021: 10,00,00,000 Equity Shares of ₹ 10 each)		
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00
(FY 2021: 30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)		
	<u>13,000.00</u>	<u>13,000.00</u>
Issued, subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up	6,470.59	6,470.59
(FY 2021: 6,47,05,882 Equity Shares of ₹ 10 each)		
	<u>6,470.59</u>	<u>6,470.59</u>

Shares held by promoters at at 31st March 2022 :

Promoter Name	No. of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	192,000	0.30%	-

Shares held by promoters at at 31st March 2021 :

Promoter Name	No. of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	192,000	0.30%	-

a) Reconciliation of shares outstanding at the beginning and end of the year

Particulars	As at 31st March 2022		As at 31st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59
Number of Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2022		As at 31st March 2021	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
Sakshi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
Avdhoot Finance and Investment Private Limited	8.60	56,24,208	8.60	56,24,208
Sakshi Management Services (Coimbatore) Limited	6.70	43,35,434	7.09	45,85,434
Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
The Courier and Company Auto. Limited	6.07	39,25,000	6.07	39,25,000
ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 24th May 2022, recommended a dividend of 6 per cent, ₹ 0.60 per share (Dividend for 31st March 2021 : ₹0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

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.

		(₹ Lakhs)	
Particulars	31st March 2022	31st March 2021	
Face Value per share (₹)	10.00	10.00	
Dividend Percentage	6%	6%	
Dividend per Share (₹)	0.60	0.60	
Dividend on equity shares	388.24	388.24	
Total Dividend	388.24	388.24	

Note : The dividends proposed for the financial year 31st March 2022 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
23. OTHER EQUITY		
Reserves and Surplus		
Statutory Reserve as per Section 45-IC of the RBI Act 1934		
Opening Balance	3,352.67	3,167.51
Add: Transfer from Retained Earnings	190.38	185.16
Closing balance	<u>3,543.05</u>	<u>3,352.67</u>
Capital Reserve		
Balance as at the Opening and Closing of the year	<u>52.61</u>	<u>52.61</u>
Securities Premium		
Opening Balance	1,429.80	1,430.92
Less: Preferential Issue of Equity Shares	-	1.12
Closing Balance	<u>1,429.80</u>	<u>1,429.80</u>
General Reserve		
Balance as at the Opening and Closing of the year	<u>4,436.00</u>	<u>4,436.00</u>
Debenture Redemption Reserve		
Balance as at the Opening and Closing of the year		
Retained Earnings		
Opening Balance	3,478.91	5,126.57
Add: Profit after tax for the year	951.88	925.79
	<u>4,430.79</u>	<u>4,052.36</u>
Less: Appropriations		
Equity Dividend (₹ 0.60 per share)	388.24	388.24
Transfer to Statutory Reserve	190.38	185.16
Closing Surplus	<u>3,852.17</u>	<u>3,478.91</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	(36.98)	(46.92)
Add: Income/(Expenses) for the year	<u>22.78</u>	<u>11.94</u>
Closing Balance	<u>(14.20)</u>	<u>(36.98)</u>
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	13.93	12.30
Add: Income/(Expenses) for the year	<u>10.44</u>	<u>1.63</u>
Closing Balance	<u>24.37</u>	<u>13.93</u>
Closing Balance (i) + (ii)	<u>10.17</u>	<u>(23.05)</u>
Total	13,323.80	12,726.94

Nature and purpose of reserves

Capital reserve: Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

Securities Premium: The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

General reserve: Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 ("the Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

Debenture redemption reserve:

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly the Company, subsequent to the year end has invested a sum of ₹ 900 lakhs (Previous Year ₹ 300 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of The Reserve Bank of India Act 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-FC(1) in The Reserve Bank of India Act, 1934:

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal.

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty-one days by such further period as it thinks fit or condone any delay in making such report.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(5) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order.

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC.

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividend distributions paid to shareholders and transfer from debenture redemption reserve.

Other Comprehensive Income: Other Comprehensive Income comprises items of income and expenses that are not recognised in profit and loss as required or permitted by other Ind AS. They comprise of the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

Proposed dividend: The Board of Directors of the Company have recommended a dividend of 6% being Rs.0.60 per share on the equity shares of the Company, for the year ended 31st March 2022 (Rs.0.60 per share - 31st March 2021) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10. (Also Refer Note 57).

Particulars	(₹ Lakhs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
24. INTEREST INCOME		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	17,017.64	16,133.07
Interest from:		
- Loans	172.29	212.06
- Bank deposits	158.80	31.66
Investments	218.24	221.17
Total	<u>17,566.97</u>	<u>16,597.96</u>
There is no income on Financial Instruments measured at FVTOCI		
25. FEES AND COMMISSION (Services rendered at a point in time)		
- Service Charges	254.83	246.06
- Stamp and documentation charges	66.66	67.17
Total	<u>321.49</u>	<u>313.23</u>
26. SALE OF POWER FROM WINDMILLS (Services rendered at a point in time)		
Income from Wind mill -Sale of Electricity	177.88	181.07
Total	<u>177.88</u>	<u>181.07</u>
27. OTHER INCOME		
- Miscellaneous income	1.40	0.87
Total	<u>1.40</u>	<u>0.87</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	(₹ Lakhs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
28. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
- Deposits	1,064.82	1,610.12
- Borrowings	1,920.21	2,506.24
- Debt Securities	3,672.04	2,941.86
- Sub-Ordinated Liabilities	3,723.67	3,208.85
- Lease Liability	36.28	29.18
Bank Charges	121.13	119.69
Debtenture Issue Expenses	217.70	117.02
Total	<u>10,775.85</u>	<u>10,532.96</u>
Note : There is no Finance Costs measured at FVTOCI		
29. IMPAIRMENT ON FINANCIAL INSTRUMENTS		
(On Financial Instruments measured at amortised cost)		
Loans	878.54	641.18
Trade Receivables	(4.69)	(23.69)
Investments	3.17	3.46
Govt Debts	157.35	166.76
Total	<u>1,034.37</u>	<u>787.71</u>
There is no impairment on Financial Instruments measured at FVTOCI		
30. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	2,608.36	2,386.58
Contributions to Provident and Other Funds	98.88	93.61
Staff Welfare Expenses	128.44	84.44
Gratuity	21.51	33.09
Leave Encashment	38.41	6.48
Total	<u>2,895.60</u>	<u>2,604.20</u>
31. DEPRECIATION AND AMORTIZATION		
Depreciation on Property plant and Equipment	242.08	245.17
Depreciation on Investment property	4.60	4.60
Amortization - Intangibles	26.67	27.63
Amortization - Right of use assets	217.72	144.30
Total	<u>491.07</u>	<u>421.70</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
32. OTHER EXPENSES		
Rent	35.39	60.59
Rates, Taxes and Licences	121.98	155.12
Stamping on documents	11.93	12.91
Communication	45.66	43.80
Insurance	12.99	13.22
Travelling and Conveyance	298.74	232.50
Printing and Stationery	34.24	37.58
Power and Fuel	29.50	28.42
Advertisements	17.02	12.30
Auditor's Remuneration - As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	9.00
- Certification Fee	7.65	11.28
- Reimbursement of Expenses	2.87	2.17
Legal and Professional Charges	309.84	248.49
Repairs and Maintenance on:		
- Buildings	57.99	62.25
- Machinery	86.51	84.81
- Information Technology	218.49	179.46
- Other Assets	26.85	22.64
Filing Fees	9.80	10.03
Directors' Sitting Fees	34.70	22.70
Corporate Social Responsibility Expenses (Refer Note 38)	37.04	37.58
Loss on Sale of Property, Plant and Equipment	0.12	0.22
Miscellaneous Expenses	38.85	38.70
Total	1,463.16	1,341.57
33. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debt:		
a) Income Tax Issues	226.99	9.83
b) Service Tax Issues	1,328.29	1,328.29
The Company had deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Service tax credit under Protest. The Company had filed a writ petition before the Honourable High Court of Madras. The Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeal before CESTAT.		
c) The pending litigations as at 31st March 2022 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.		
d) Contingent Liabilities shall be Classified as:		
i) Claimed against the Company not acknowledged as debt	Nil	Nil
ii) Guarantees excluding financial guarantees; and	Nil	Nil
iii) Other money for which the Company is contingently liable	Nil	Nil
e) Commitments shall be classified as:		
i) Estimated amount of contracts remaining to be executed on Capital Account and not provided for;	Nil	Nil
ii) Uncalled liability on Shares and other investments partly paid;	Nil	Nil
iii) Other Commitments (Specify nature);	Nil	Nil
34. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Annual Maintenance Charges - Information Technology	94.97	85.79

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	For the	For the
	Year ended 31st March 2022	Year ended 31st March 2021
35. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	2020-21	2019-20
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	21.15

36. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

Period/Year ended or As at	31st March 2022	31st March 2021
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

37. ADDITIONAL REGULATORY DISCLOSURES (for the period from 1st April 2021 to 31st March 2022 and for the Year ended 31st March 2021)

- There are no Title deeds of Immovable Properties that were not held in name of the Company.
- The Company measures investment property using cost based measurement.
- There were loans and advances in the nature of loans, which are granted to promoters, directors, KMP and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Particulars	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-
Directors	-	-
KMP's	9.17	0.01
Related Party	1,590.77	1.39%

- There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of account.
- The Company has not been declared as a willful defaulter by any bank or financial institution or other lender.
- The Company did not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 except the following :

Particulars	Balance outstanding as at		Relationship with struck off company
	31st March 2022	31st March 2021	
First Choice Financial Services Private Limited	0.00	0.00	Equity Shareholder
Kothari & Sons (Nominees) Private Limited	0.00	0.00	Equity Shareholder
Kwality General Finance Associates Limited	0.00	0.00	Equity Shareholder
West Marbalam Suga Lending & Finance Limited	0.00	0.00	Equity Shareholder

Note : 0.00 denotes amounts less than Rs. 1,000/-

- The Company did not have any charges or satisfaction of charges (under the Companies Act, 2013, which are yet to be registered) with ROC beyond the statutory period.
- The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) 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 (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

- j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.
- l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 2022 and 31st March 2021.
- m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

38. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2022:

i. Amount required to be spent by the company during the year: ₹ 37.00 Lakhs (FY 2020-21: ₹ 37.58 Lakhs)

ii. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken) ₹ Lakhs

Particulars	31st March 2022	31st March 2021
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	37.04	37.58
Total	37.04	37.58

Period / Year ended	31st March 2022	31st March 2021
Amount required to be spent by the company during the year	37.00	37.54
Amount of expenditure incurred	37.04	37.58
Shortfall at the end of the year	-	-
Total of previous years shortfall	Nil	Nil
Reason for shortfall	Nil	Nil
Nature of CSR activities		
1. Education	22.29	2.05
2. Health Care	13.55	16.11
3. Others	1.20	19.42
Details of related party transactions, (e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	11.35	0.40
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Nil	Nil

Refer Note 44 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

39. CAPITAL MANAGEMENT

The company does monitor the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio working are given below. The capital structure is also monitored on the basis of Capital adequacy ratio.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022			As at 31st March 2021 Ratio (%)	% of Variance	Reason for variance (if above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk Weighted Assets Ratio (CRAR)	26,325.33	121,547.13	21.66%	22.52%	-3.83%	NA
Tier - I Capital	16,697.54	121,547.13	13.74%	13.05%	5.27%	NA
Tier - II Capital	9,627.79	121,547.13	7.92%	9.47%	-16.36%	NA
Liquidity Coverage Ratio	2,886.23	418.44	692.22%	418.65%	33.10%	The reason for variance above 25% is due to change in methodology of calculation of ratio adopted as per the RBI circular dt. 4th November 2019.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Particulars	As at 31st March 2022	As at 31st March 2021
Tier - I Capital	16,697.54	15,702.71
Tier - II Capital	9,627.79	11,395.40
Total Capital	26,325.33	27,097.61
Aggregate of Risk Weighted Assets	121,547.13	120,332.70
Tier-I Capital adequacy ratio	13.74%	13.05%
Total Capital adequacy ratio	21.66%	22.52%

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets;
- hybrid debt capital instruments;
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital and
- perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of Assets and liabilities according to when they are expected to be recovered or settled.

(₹. lakhs)

Particulars	As at 31st March 2022		As at 31st March 2021		Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
ASSETS					
Financial Assets					
Cash and Cash Equivalents	1,449.51	-	1,534.11	-	1,564.11
Bank Balances other than Cash and Cash Equivalents	1,129.31	-	575.79	-	575.79
Derivative Financial Instruments	-	-	-	-	-
Receivables					
(i) Trade receivables	168.45	-	182.41	-	182.41
(ii) Other Receivables	16.56	-	3.52	-	3.52
Loans	52,813.83	55,437.37	48,734.87	60,568.82	109,353.73
Investments	175.13	2,112.75	200.54	2,407.74	2,608.28
Other Financial Assets	1,000.32	712.59	973.64	858.73	1,830.43
Non-Financial Assets					
Current tax Assets (net)	17.43	-	-	-	-
Deferred tax Assets (net)	-	217.94	-	-	-
Investment Property	-	275.21	-	279.81	279.81
Property, Plant, and equipment	-	5,946.63	-	6,172.79	6,172.79
Right of use assets	-	2,093.00	-	1,070.52	1,070.50
Intangible Assets under development	-	-	-	84.27	84.27
Other Intangible Assets	-	179.46	-	102.57	102.57
Other Non-Financial Assets	436.14	1,500.09	335.71	-	335.71
Total Assets	59,407.45	67,532.55	51,220.59	71,554.87	1,23,775.42

NOTES TO THE ACCOUNTS (Contd....)

Particulars	As at 31st March 2022		As at 31st March 2021		Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months							
LIABILITIES AND EQUITY											
Liabilities											
Financial Liabilities											
Payables											
(i) Trade Payables											
(i) Total outstanding dues of micro enterprises and small enterprises	0.28	-	0.28	-	0.28	3.76	-	-	-	-	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.75	-	127.75	-	127.75	140.62	-	-	-	-	140.62
(ii) Other Payables											
(i) Total outstanding dues of micro enterprises and small enterprises											
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	275.13	-	275.13	-	275.13	151.67	-	-	-	-	151.68
Debt Securities											
Borrowings (Other than debentures)	10,075.19	31,484.85	41,560.04	7,910.82	49,470.86	7,910.82	21,700.64	28,711.26	21,700.64	5,087.92	23,059.16
Deposits	12,870.25	2,695.44	15,565.69	17,972.25	33,537.94	8,395.82	33,055.04	33,480.86	33,055.04	474.82	33,537.94
Other Financial Liabilities	6,160.73	2,379.87	8,540.60	8,300.54	16,841.14	4,150.7	14,690.45	18,841.59	4,150.7	14,690.45	18,841.59
Other Financial Liabilities	16,212.81	23,277.34	39,490.15	4,150.7	43,640.85	1,416.14	42,224.71	44,636.86	1,416.14	40,808.66	46,053.02
Non-Financial Liabilities	966.77	459.17	1,425.94	-	1,425.94	47.29	-	47.29	47.29	-	47.29
Current tax liabilities (net)	-	-	-	-	-	-	-	-	-	-	-
Provisions	122.65	-	122.65	69.07	191.72	69.07	69.07	138.09	69.07	69.07	138.09
Unfunded tax liabilities (net)	-	-	-	-	-	-	-	-	-	-	-
Other Non-Financial Liabilities	69.55	-	69.55	60.47	130.02	60.47	60.47	60.47	60.47	-	60.47
Equity											
Equity Share Capital	-	6,470.59	6,470.59	-	6,470.59	-	-	6,470.59	-	-	6,470.59
Other Equity	-	13,323.80	13,323.80	-	13,323.80	-	-	13,323.80	-	-	13,323.80
Total Liabilities and Equity	46,851.14	80,082.86	1,26,934.00	55,903.17	1,82,837.15	55,903.17	57,810.75	2,40,647.92	55,903.17	57,810.75	2,40,647.92

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

41. DISCLOSURE PURSUANT TO IND AS "7" - Change In Liabilities arising from Financing Activities

(₹ Lakhs)

Particulars	31st March 2021	Cash Flows	Others	31st March 2022
Debt Securities	28,711.26	12,768.72	60.06	41,560.04
Deposits	17,086.35	(8,601.79)	56.04	8,540.60
Borrowings Other than Debt securities	73,059.16	(3,528.25)	(3,965.24)	15,565.69
Sub-Ordinated Liabilities	35,480.06	4,326.58	1,724.12	49,530.76
Lease Liability	331.61	1.45	53.11	386.17
Total	1,02,668.44	4,986.73	(2,071.91)	1,05,583.26

42. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX

a. Explanation of Relationship between tax Expense and Accounting Profit

Sl No	Particulars	FY 2021-22	FY 2020-21
1	Profit before Tax	1,292.04	1,257.44
2	Applicable Income Tax Rate (%)	25.17%	25.17%
3	Expected Income Tax Expense	325.23	316.48
4	Tax effect of adjustments to reconcile expected income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	542.05	471.85
	Effect of expenses / provisions deductible in determining taxable profit	(266.10)	(480.90)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	24.22
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	601.19	331.65

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 31st March 2021	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2022
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	793.33	(189.09)	-	982.42
2	Employee benefit expenses	20.72	(4.66)	3.51	30.87
3	Right of Use Assets and Lease Liabilities	7.35	(0.49)	-	7.84
4	Application of EIR On Financial Liabilities	(96.20)	(51.37)	-	(64.83)
5	Differences in carrying amount of Property, Plant and Equipment	(773.68)	135.32	-	(738.36)
	Deferred Tax Asset / (Liabilities)	(39.48)	(260.93)	3.51	217.94

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

c. Tax Items in Statement of Profit and Loss

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
1	Current Tax Expense/(Income)	601.09	508.42
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(260.93)	(176.77)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	340.16	331.65

d. Tax Items recognised in Other Comprehensive Income

Sl No	Particulars	31st March 2022	31st March 2021
1	Tax Expense		
	- Current Tax Expense	-	-
	- (Deferred Tax Expense)	3.51	0.55
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	3.51	0.55

e. There is no tax expense charged directly to other equity.

f. Tax U/s 115 BAA of Income Tax Act

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019-20.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

43. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date

5. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

		(₹ Lakhs)	
Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the period	198.87	197.87
	(i) Current service cost	20.78	21.70
	(ii) Past Service Cost	-	-
	(iii) Interest cost	11.63	11.53
	(iv) Re-measurement Loss/(gain) due to:		
	(a) Changes in financial assumptions	(2.38)	(2.01)
	(b) Changes in demographic assumptions	-	(0.13)
	(c) Experience on defined benefit obligation	(6.63)	(6.80)
	(v) Benefits paid	(42.86)	(23.20)
	Defined benefit obligation as at the end of the period	179.41	198.87

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

₹ Lakhs

Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
II	Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the period	177.76	169.16
	(i) Benefits Paid	(42.86)	(23.20)
	(ii) Employer Contribution	19.98	18.02
	(iii) Expected Interest Income on Plan Assets	10.91	10.62
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	4.93	(6.84)
	Fair Value of Plan Assets as at the end of the period	170.72	177.76
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	8.69	21.11
III	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	20.78	21.70
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.63	11.53
	(iv) Expected Interest Income on Plan assets	(10.91)	(10.62)
	(v) Others	-	10.48
	Net Cost recognized in the Statement of Profit and Loss	21.50	33.09
IV	Re-measurement (loss)/gain due to :		
	(a) Changes in financial assumptions	(2.38)	(2.01)
	(b) Changes in demographic assumptions	-	(0.13)
	(c) Experience on defined benefit obligation	(6.63)	(6.89)
	Actuarial (Loss)/Gain from Return on plan assets	(4.93)	6.84
	Net cost recognised in Other Comprehensive Income	(13.94)	(2.19)
V	Significant Actuarial Assumptions		
	(i) Discount Rate	7%	6%
	(ii) Expected Return on Plan Assets	6%	6%
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
VI	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.61%)	(3.48%)
	- 100 Basis Rate	3.95%	3.81%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.78%	3.66%
	- 100 Basis Rate	(3.51%)	(3.40%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.13%	0.00%
	- 100 Basis Rate	(0.15%)	(0.02%)

b. Other Long Term Benefits - Leave Encashment

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as Lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Leave encashment plan. (₹ Lakhs)

Sl No	Particulars	As at 31st March 2022	As At 31st March 2021
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the period	41.35	49.02
	(i) Current service cost	13.12	8.91
	(ii) Interest cost	1.38	1.83
	(iii) Re-measurement Loss/(gain) due to:		
	(a) Changes in financial assumptions	(0.84)	(0.38)
	(b) Changes in demographic assumptions	-	0.01
	(c) Experience on defined benefit obligation	46.45	(5.17)
	(iv) Benefits paid	(40.50)	(6.20)
	Closing defined benefit obligation	60.96	49.02
II	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	13.12	8.91
	(ii) Interest cost	1.38	1.83
	(iii) Others	23.91	(5.26)
	Net Cost recognized in the Statement of Profit and Loss	38.41	5.48
III	Significant Actuarial Assumptions		
	(i) Discount Rate	7%	6%
	(ii) Expected Return on Plan Assets	-	-
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
IV	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.69%)	(3.73%)
	- 100 Basis Rate	4.60%	4.10%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.63%	3.65%
	- 100 Basis Rate	(3.35%)	(3.31%)
	(iii) Discount Rate		
	+ 100 Basis Rate	0.06%	(0.05%)
	- 100 Basis Rate	(0.06%)	(0.08%)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

44. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd ABT Foundation Ltd. ABT industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Narhimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Financial Services (Cochin) Private Ltd Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Limited The Gounder and Company Auto Ltd Sakthi foundation Suddha Sanmargo Nilayam The Vanavarayar Foundation Trust
B	Key Management Personnel	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivasan, Director Dr A Selvakumar, Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) and CFO Sri Srinivasan Anand, Chief Financial Officer Sri S Venkatesh, Company Secretary and Chief Compliance Officer
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam Smt Sanyuktha Vanavarayar, Daughter of Sri M Balasubramaniam Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Sri Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam Sri M Harihara Suchan, Son of Dr M Manickam Smt Bhavani Gopal, Wife of Sri P S Gopalakrishnan Smt Latha Ramakrishnan, Wife of Sri K P Ramakrishnan Smt Karunambal Vanavarayar, Sister of Dr M Manickam Selvi Anusha Bhansali, daughter of Smt Priya Bhansali

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Transactions / Material Transactions with Related Parties made during the year

₹ Lakhs

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	7.12	-	-	7.12	3.52
	ABT Industries Ltd	18.90	-	-	18.90	-
	Income from HP Operations					
	Sakthi Foundation	19.22	-	-	19.22	21.76
	Suddha Sanmarga Nilayam	2.14	-	-	2.14	3.19
	Interest Income					
	ABT Industries Ltd.	75.01	-	-	75.01	78.65
2	Expenses					
	Purchase of fuel and others					
	N.Mahalingam & Co	10.22	-	-	10.22	7.47
	Reimbursement of Expenses (Electricity / Internet charges)					
	ABT Industries Ltd	7.87	-	-	7.87	9.70
	Rent paid					
	Smc Virudhini Balasubramaniam	-	-	2.40	2.40	2.40
	M. Srinivaasar	-	111.86	-	111.86	63.77
	ARC Retreading Company Pvt Ltd	2.23	-	-	2.23	2.01
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	77.00	-	-	77.00	153.55
	Printing charges					
	Nachimurhu Industrial Association	12.63	-	-	12.63	15.45
	Sakthi Sugars Ltd. (Om Sakthi)	2.31	-	-	2.31	3.60
	Sakthi Foundation	0.80	-	-	0.80	-
	CSR Expenses					
	Ramanatha Adigalar Foundation	-	-	-	-	0.40
	The Vanavarayar Foundation Trust	11.35	-	-	11.35	-
	Remuneration					
	M.Balasubramaniam	-	49.80	-	49.80	61.40
	S.Veluswamy	-	32.58	-	32.58	29.47
	Srinivasan Anand *	-	29.35	-	29.35	-
	S.Venkatesh	-	16.73	-	16.73	15.45
	Perquisites					
	S.Vel. Swamy	-	3.15	-	3.15	1.76
	Employee Benefits					
	M.Balasubramaniam	-	4.32	-	4.32	5.87
	S.Veluswamy	-	1.83	-	1.83	2.28
	Srinivasan Anand	-	0.55	-	0.55	-
	S.Venkatesh	-	0.99	-	0.99	1.14

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
	Commission ^{**} M.Balasubramaniam	-	63.67	-	63.67	56.73
	Sitting Fees Non-Executive Directors					
	M.Manickam	-	3.50	-	3.50	1.90
	M.Srinivasan	-	4.20	-	4.20	2.60
	Independent Directors					
	A.Selvakumar	-	9.90	-	9.90	6.00
	P.S.Gopalakrishnan	-	3.60	-	3.60	3.50
	Priya Bhansali	-	5.50	-	5.50	4.10
	K.P.Ramakrishnan	-	8.00	-	8.00	5.00
** Subject to the approval of shareholders at the ensuing Annual General Meeting * CFO with effect from 3rd September 2021						
3	Assets					
	Loans and advances given					
	S.Venkatesh	-	-	-	-	15.00
	ADT Industries Ltd	410.00	-	-	410.00	-
	Advance for Property, Plant and Equipment					
	Sakthi Sugars Ltd.	1,500.00	-	-	1,500.00	-
	Loans and advances repaid					
	ART Industries Ltd	(410.00)	-	-	(410.00)	(499.00)
	S.Venkatesh	-	(5.00)	-	(5.00)	(0.83)
	Outstanding as at the year end					
	Loans and advances					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Foundation	81.66	-	-	81.66	121.18
	Suddha Sammarga Nilayam	9.01	-	-	9.01	18.96
	Sakthifinance Financial Services Ltd	31.49	-	-	31.49	29.26
	Sakthi Reality Holdings Ltd	-	-	-	-	0.01
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	10.83	10.83
	ART Industries Ltd	9.14	-	-	9.14	-
	S.Venkatesh	-	9.17	-	9.17	14.17
	Rent / Other reimbursement receivables					
	Sakthifinance Financial Services Ltd	14.87	-	-	14.87	9.15
	ART Industries Ltd.	6.80	-	-	6.80	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lacs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
4	Liabilities					
	Transactions during the year					
	Investment in NCDs:					
	ABT Finance Ltd	-	-	-	-	400.00
	Sakthifinance Financial Services Ltd	45.00	-	-	45.00	704.75
	Smt.Samyuktha Vanavarayar	-	-	120.00	120.00	-
	Miss.Shruthi Balasubramaniam	-	-	10.00	10.00	5.00
	Smt.Karunamba.Vanavarayar	-	-	300.00	300.00	-
	ABT Finance Ltd	-	-	-	-	12.46
	Sri P.S.Gopalakrishnan	-	-	-	-	10.00
	Smt.Vinodhini Balasubramaniam	-	-	-	-	10.00
	Smt.Lalitha Ramakrishnan	-	-	-	-	6.00
	Miss.Anusha Bhandali	-	-	-	-	10.00
	Investment in Deposits:					
	M. Harihara Sudhan	-	-	(7.74)	(7.74)	-
	Investment in Redeemable Cumulative Preference Shares ("RCPS"):					
	Sakchi Financial Services Cochin Pvt Ltd	216.70	-	-	216.70	-
	Outstanding as at the year end					
	Investment in NCDs:					
	ABT Finance Ltd	12.46	-	-	12.46	12.46
	Sakthifinance Financial Services Ltd	49.75	-	-	49.75	4.75
	Sakchi Financial Services (Cochin) Private Ltd	157.06	-	-	157.06	22.06
	Sri P.S.Gopalakrishnan	-	10.00	-	10.00	10.00
	Smt.Vinodhini Balasubramaniam	-	-	80.00	80.00	80.00
	Smt.Samyuktha Vanavarayar	-	-	195.00	195.00	75.00
	Miss.Shruthi Balasubramaniam	-	-	78.00	78.00	68.00
	Bhawani Gupta	-	-	10.00	10.00	10.00
	Smt.Lalitha Ramakrishnan	-	-	30.00	30.00	30.00
	Sri Harihara Sudhan Manickam	-	-	2.00	2.00	2.00
	Miss. Anusha Bhandali	-	-	10.00	10.00	10.00
	Smt.Karunambal Vanavarayar	-	-	300.00	300.00	-
	Investment in Deposits:					
	Sri Harihara Sudhan Manickam	-	-	-	-	7.74
	Investment in SB Bonds:					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Ms.Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	Investment in Redeemable Cumulative Preference Shares ("RCPS"):					
	Sakchi Financial Services (Cochin) Private Ltd	216.70	-	-	216.70	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
	Liabilities for Expenses Payable:					
	A&T Ltd	-	-	-	-	3.79
	A&T Industries Ltd	-	-	-	-	7.97
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	Nachimuthu Industrial Association	0.28	-	-	0.28	3.26
	N. Mahalingam And Co.	0.99	-	-	0.99	0.98
	Sakthi Sugars Ltd.	0.61	-	-	0.61	0.66
	Commission Payable to Mr. Balasubramanian	-	63.67	-	63.67	56.73
	M.Srinivasan	-	5.73	-	5.73	2.89

45. Disclosure pursuant to Ind AS 33 - Earnings Per Share

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.

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	985.10	959.37
Basic and diluted earnings per share (₹)	1.52	1.45

46. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows proactive risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

Credit Risk

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well-defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers.

Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Expected Credit Loss ("ECL")

As a result of adoption of IndAs, the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components viz,

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP, inflation rate etc.

Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

Particulars	31st March 2022			31st March 2021			Total	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
Balance at the beginning of the year	97,136.73	10,255.72	5,594.01	111,986.46	69,753.09	4,983.03	118,037.71	118,037.71
New business - net of recovery	53,042.83	1,676.15	47.14	54,556.12	1,384.44	-	50,843.26	50,843.26
Transfer due to change in credit worthiness								
Stage 1	2,639.69	(2,486.81)	(432.88)	-	3,455.57	(41.92)	(41.92)	(41.92)
Stage 2	(6,071.61)	6,402.17	(30.56)	-	(6,197.08)	(105.94)	(105.94)	(105.94)
Stage 3	(1,494.61)	(684.56)	1,739.17	-	(1,203.51)	2,420.88	2,420.88	2,420.88
Financial assets that have been derecognised	(45,956.83)	(5,456.32)	(1,129.01)	(52,542.78)	(5,397.49)	(1,315.70)	(47,727.44)	(47,727.44)
Write off during the year	(56.42)	(5.87)	(93.06)	(157.35)	(71.22)	(6.80)	(136.74)	(136.74)
Balance at the end of the year	99,679.78	9,400.48	5,942.11	114,812.47	92,176.73	5,594.01	112,986.46	112,986.46

(₹ Lakhs)

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2022			31st March 2021			Total	Total
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3		
Balance at the beginning of the year	130.73	206.92	3,205.09	3,632.74	97.17	2,571.69	2,994.59	2,994.59
New business - net of recovery	80.99	11.99	1.40	94.38	36.00	-	71.29	71.29
Transfer due to change in credit worthiness								
Stage 1	19.90	(18.74)	(1.19)	-	(11.60)	(0.44)	(0.44)	(0.44)
Stage 2	(58.78)	59.50	(0.52)	-	(179.80)	(3.39)	(3.39)	(3.39)
Stage 3	(174.16)	(196.07)	370.23	-	(247.36)	(84.98)	(84.98)	(84.98)
Financial assets that have been derecognised	503.61	(33.45)	397.06	867.22	412.18	259.03	679.39	679.39
Write off during the year	(23.50)	(24.45)	(35.12)	(83.07)	(6.36)	(106.98)	(119.78)	(119.78)
Balance at the end of the year	470.79	95.53	3,936.95	4,512.27	130.72	3,205.09	3,632.73	3,632.73

31st March 2022

31st March 2021

Stage	31st March 2022			31st March 2021			Net Carrying Value	Net Carrying Value
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value		
Stage 1	99,679.78	478.79	99,200.99	97,136.73	330.72	97,005.81	97,005.81	
Stage 2	9,200.48	95.53	9,104.95	10,255.72	236.92	9,318.80	9,318.80	
Stage 3	5,942.21	3,936.95	2,005.26	5,594.01	3,205.09	4,388.92	4,388.92	
Total	1,14,822.47	4,512.27	1,10,310.20	1,12,986.46	4,512.27	1,09,353.73	1,09,353.73	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Geographical break-up of portfolio - Net Stock on Hire

(₹ Lakhs)

Particulars	FY 2022	FY 2021
Tamil Nadu & Puducherry	94,816	92,271
Kerala	14,897	15,579
Karnataka	2,409	2,287
Andhra	1,284	2,009
Total	1,14,406	1,12,645

Portfolio composition - Net Stock on Hire

Particulars	FY 2022	FY 2021
Commercial Vehicles	1,02,620	1,00,345
Cars & Jeeps	8,112	9,173
Construction Equipment	2,929	2,435
Machinery	670	669
Consumer Durables	75	5
Total	1,14,406	1,12,645

Liquidity Risk

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder:

Particulars	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
Financial Liabilities							
Deposits	2,096.24	2,007.06	2,308.65	2,379.87	-	-	8,791.80
Borrowings	7,401.46	2,166.92	13,595.67	60,020.66	13,677.51	-	96,862.32
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	9,497.70	4,173.98	15,904.30	62,400.53	13,677.61	-	1,05,654.12
Financial Assets							
Cash and cash equivalents	270.41	-	-	-	-	-	270.41
Bank balances	7,308.40	-	-	-	-	-	2,308.40
Loans	14,922.10	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
Investments	-	249.04	155.02	1,046.14	514.65	552.18	2,467.88
Other financial assets	674.27	200.86	415.48	774.74	-	707.47	2,917.71
Total	18,315.12	14,565.94	26,317.26	53,180.53	3,934.90	1,977.05	1,18,290.60

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021 is furnished hereunder:

Particulars	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
Financial Liabilities							
Deposits	1,387.46	3,902.83	3,816.16	8,328.95	-	-	17,435.40
Borrowings	5,277.62	2,759.64	16,082.21	23,780.98	75,507.36	-	85,487.15
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	6,665.28	6,662.67	21,878.37	42,109.93	75,507.36	-	1,02,917.55

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	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
Financial Assets							
Cash and cash equivalents	714.34	-	-	-	-	-	714.34
Bank balances	937.29	-	101.20	-	-	-	1,038.39
Loans	12,827.84	12,406.18	72,540.85	54,096.22	5,098.34	474.30	1,09,353.73
Investments	-	-	200.54	1,073.17	813.44	781.13	2,668.28
Other financial assets	864.33	217.19	142.46	800.76	738.88	-	2,963.62
Total	15,353.70	12,623.37	24,185.05	56,870.15	6,450.66	1,255.43	1,16,738.36

Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The Company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

Particulars	As at 31st March 2022	As at 31st March 2021
Financial assets		
Fixed rate instruments		
Loans	1,14,822.47	1,12,986.46
Investments	2,374.44	2,577.61
Bank Balances	182.79	318.96
Variable rate Instruments	-	-
Total	1,17,379.70	1,15,883.03
Financial Liabilities		
Fixed rate instruments		
Debt securities	41,740.44	28,893.61
Borrowings (other than debt securities)	5,051.56	8,494.11
Deposits	8,791.80	17,435.40
Sub-Ordinated liabilities	38,065.89	31,687.13
Preference Shares	-	1,842.25
Variable rate instruments		
Bank Borrowings	10,514.13	14,565.05
Total	1,04,163.82	1,02,917.55

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2022		31st March 2021	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
Variable rate instruments- carrying amount	+77	(77)	+83	(83)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

47. Disclosure Pursuant To Ind AS "108" - Operating Segments

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

48. Disclosure pursuant to Ind AS "113"

1. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value Hierarchy	As at 31st March 2022	As at 31st March 2021
Investment in Equity Instruments	Level 1	75.09	52.32

2. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash and Cash Equivalents	1,449.51	1,449.51	-	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	1,129.31	1,129.31	-	-	1,129.31
Trade Receivables	185.81	-	230.28	-	230.28
Loans	1,10,311.20	-	-	1,10,311.20	1,10,311.20
Investments	2,417.79	2,507.28	38.35	-	2,545.53
Other Financial Assets	1,712.91	-	1,712.91	-	1,712.91
Financial Liabilities					
Payables					
(i) Trade Payables	128.04	-	128.04	-	128.04
(ii) Other Payables	175.13	-	175.13	-	175.13
Debt Securities	41,560.04	30,836.75	10,723.29	-	41,560.04
Borrowings (Other than debt securities)	15,565.69	15,565.69	-	-	15,565.69
Deposits	8,540.60	-	-	8,540.60	8,540.60
Sub-Ordinated Liabilities	39,530.77	-	-	39,530.77	39,530.77
Other Financial Liabilities	1,426.15	-	1,426.15	-	1,426.15

3. Financial assets and financial liabilities measured at amortised cost as at 31st March 2021

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash and Cash Equivalents	1,364.11	1,364.11	-	-	1,364.11
Bank Balances other than Cash and Cash Equivalents	375.79	375.79	-	-	375.79
Trade Receivables	185.93	-	235.09	-	235.09
Loans	1,09,353.73	-	-	1,09,353.73	1,09,353.73
Investments	2,615.96	2,776.55	58.37	-	2,814.92
Other Financial Assets	1,830.43	-	-	1,830.43	1,830.43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Liabilities					
Payables					
(i) Trade Payables	143.88	-	143.88	-	143.88
(ii) Other Payables	151.48	-	151.48	-	151.48
Debt Securities	28,711.26	16,938.78	11,772.48	-	28,711.26
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-	23,059.16
Deposits	17,086.35	-	-	17,086.35	17,086.35
Sub-Ordinated Liabilities	33,480.06	-	33,480.06	-	33,480.06
Other Financial Liabilities	1,672.37	-	1,672.37	-	1,672.37

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

49. Disclosure Pursuant to Ind AS "116" Leases

In cases of Leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

Particulars	31st March 2022	31st March 2021
(a) Depreciation charge for Right-of-Use Assets	217.72	144.30
(b) Interest expense on Lease Liabilities	36.28	29.18
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	35.39	60.39
(e) Total cash outflow for leases	231.81	215.75
(f) Additions to right-of-use assets	-	-
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,093.60	1,070.50

Maturity Analysis

	31st March 2022	31st March 2021
Less than 1 year	214.23	127.27
1-5 years	194.54	159.03
3-5 years	21.53	81.17
More than 5 years	10.32	51.55
Total future undiscounted cash outflow on lease liability	440.62	419.00

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

50. Disclosures under RBI Directions

50.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non Banking Financial Company / Systemically Important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl. No.	Particulars	As at 31st March 2021		As at 31st March 2021	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
(1)	Liabilities Side:				
	Loans and advances availed by the Non Banking Financial Company, inclusive of interest received thereon but not paid:				
	(a) Debentures : Secured	41,740.44	180.40	18,893.61	182.35
	: Unsecured {Other than falling within the meaning of Public deposit}	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	3,810.72	-	5,568.31	-
	(d) Inter-Corporate loans and borrowing	1,240.84	-	1,915.80	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	8,791.80	251.20	17,435.40	349.05
	(g) Sub-Ordinated Debts	39,556.18	25.41	33,529.38	49.32
	(h) Other loans - Cash Credit	10,514.13	-	14,565.05	-
(2)	Break-up of (a) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of Unsecured Debentures	11,640.38	-	6,460.97	-
	(b) In the form of Partly secured Debentures i.e. debentures where there is a short fall in the value of security	-	-	-	-
	(c) Other Public Deposits	8,791.80	251.20	17,435.40	349.05
	(d) Sub-Ordinated Debts	26,425.51	25.41	25,226.16	49.32
	# Represents unclaimed deposits and interest accrued thereon				
(3)	Assets Side:				
	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		Amount outstanding		Amount outstanding
	(a) Secured		-		-
	(b) Unsecured		416.20		341.44
(4)	Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:				
	(1) Lease Assets including lease rentals underundry Debtors				
	(a) Finance Lease		-		-
	(b) Operational Lease		-		-
	(2) Assets on Hire including Hire charges underundry Debtors				
	(a) Stock on Hire		1,14,215.90		1,11,435.69
	(b) Repossessed Assets		100.37		109.33
	(3) Other items counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lacs)

		As at 31st March 2022	As at 31st March 2021
(5)	Break-up of Investments:		
	Current Investments:		
	1. Quoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	2. Unquoted		
	(i) Shares: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-
	Long Term Investments		
	1. Quoted		
	(i) Shares: (a) Equity	75.09	52.32
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	2,374.44	2,577.51
	(v) Others	-	-
	2. Unquoted		
	(i) Shares: (a) Equity	38.41	58.61
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of Mutual Funds	-	-
	(iv) Government Securities	-	-
	(v) Others	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(6) Borrower group-wise classification of assets financed as in 3 and 4 above							(₹ Lakhs)
Category	31st March 2022 (Amount net of provisions)			31st March 2021 (Amount net of provisions)			
	Secured	Unsecured	Total	Secured	Unsecured	Total	
1. Related parties							
(a) Subsidiaries	-	-	-	-	-	-	
(b) Companies in the same group	-	-	-	-	-	-	
(c) Other related parties	99.77	9.7	99.94	140.14	14.17	154.31	
2. Other than related parties	1,09,804.23	407.03	1,10,211.26	1,06,872.15	227.57	1,09,199.42	
Total	1,09,835.00	416.73	1,10,311.20	1,09,011.49	241.44	1,09,353.73	
(7) Investor group-wise classification of all investments (Current and non-current Long term) in shares and securities (both quoted and unquoted)							
Category	Market value / Break up or fair value of NAV	Book value (Net of provisions)	Market value / Break up or fair value of NAV	Book value (Net of provisions)			
	31st March 2022		31st March 2021				
1. Related parties							
(a) Subsidiaries	-	-	-	-			
(b) Companies in the same group	110.43	110.39	87.66	87.62			
(c) Other related parties	-	-	-	-			
2. Other than related parties	2,371.09	2,377.49	7,356.06	7,390.86			
Total	2,481.52	2,487.88	7,443.72	7,478.48			
(8) Other information							
Particulars	Amount		Amount				
(i) Gross Non Performing Assets	5,942.21		5,942.01				
(a) Related parties	-		-				
(b) Other than Related parties	5,942.21		5,942.01				
(ii) Net Non Performing Assets	7,355.20		7,577.93				
(a) Related parties	-		-				
(b) Other than Related parties	7,355.20		7,577.93				
(iii) Assets acquired in satisfaction of debt	-		-				

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

50.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
1	Capital to Risk (Weighted) Assets Ratio		
	CRAR (%)	21.66	22.52
	CRAR - Tier I Capital (%)	13.74	13.05
	CRAR - Tier II Capital (%)	7.92	9.47
	Amount of Sub-Ordinates debt considered as Tier II Capital	6,519.72	16,302.20
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	Investments		
	Value of Investments		
	Gross Value of Investments		
	In India	2,487.94	2,668.34
	Outside India	-	-
	Provisions for Diminution in value of Investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	2,487.88	2,668.28
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add: Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06
3	Derivatives		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
4	Disclosures relating to Securitisation		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

NOTES TO THE ACCOUNTS (Contd.....)

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2022											
S.No	Particulars	Jan 0-7 days	Apr 8-14 days	May 15-20 days	Over 1 Month upto 1 Month	Over 2 Months upto 3 Months	Over 3 Months upto 5 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Total
i)	Deposits	57.46	107.09	296.69	945.27	859.75	7667.06	2,505.65	2,379.87	-	5,791.60
ii)	Advances	12,56.05	874.65	2,189.64	3,954.95	3,691.01	5,414.04	15,755.70	51,376.85	3,420.27	110,311.10
iii)	Investments	-	-	-	-	-	246.05	135.66	1,046.11	5,544.6	2,487.88
iv)	Borrowings	86.17	43.55	317.76	6,361.66	789.02	2,156.49	11,545.67	11,040.66	55,677.50	96,862.31
v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-
vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-
Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2021											
S.No	Particulars	Jan 0-7 days	Apr 8-14 days	May 15-20 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Total
i)	Deposits	129.55	214.74	296.12	475.32	235.86	1,994.85	1,816.16	3,328.53	-	17,435.40
ii)	Advances	1,121.79	840.95	2,390.45	4,371.44	4,472.77	11,439.38	73,346.05	50,996.22	5,098.51	109,353.73
iii)	Investments	-	-	-	-	-	-	400.54	1,075.17	613.64	2,089.35
iv)	Borrowings	114.53	57.46	1,253.55	2,677.77	375.67	2,759.84	18,062.21	33,780.24	25,361.20	81,482.15
v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-
vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021															
6	Exposures																	
(i)	Exposure to Real Estate Sector		-															
(ii)	Exposure to Capital Market		-															
a	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	113.50	90.73															
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESDPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-															
c	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	-	-															
d	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	-	-															
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-															
f	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.	-	-															
g	Bridges loans to companies against expected equity flows / issues	-	-															
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	Total Exposure to Capital Market	113.50	90.73															
(iii)	Details of financing of parent company products	Nil	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
(v)	Unsecured Advances	416.20	341.44															
7	Miscellaneous																	
(i)	Registration obtained from other financial sector regulators	NA	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	-	-															
(iii)	Related Party Transactions - Ref. Note 44																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(CRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBS Stable</td> </tr> <tr> <td>(iii)</td> <td>Long Term Borrowings</td> <td>(ICRA) BB3 Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(CRA) MA-Stable	(ii)	Debentures	(ICRA) BBS Stable	(iii)	Long Term Borrowings	(ICRA) BB3 Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(CRA) MA-Stable																
(ii)	Debentures	(ICRA) BBS Stable																
(iii)	Long Term Borrowings	(ICRA) BB3 Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : Nil																	
(v)	Remuneration of Directors																	
	Ref. Page No. 39 of Corporate Governance Report 2022																	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
(vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 27		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
8	Other Disclosures		
(i)	Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of investment	3.17	3.46
b	Provision towards NPA	878.54	641.18
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	340.16	331.65
e	Other Provision and Contingencies (with details)	(4.69)	(23.69)
(ii)	Draw down from Reserves		-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits: Total Deposits of twenty largest depositors	416.06	553.10
	Percentage of Deposits of twenty largest depositors to Total Deposits	4.73%	3.18%
b	Concentration of Advances: Total Advances to twenty largest borrowers	1,398.28	1,613.13
	Percentage of Advances to twenty largest borrowers to Total Advances	1.22%	1.43%
c	Concentration of Exposures: Total Exposure to twenty largest borrowers / customers	860.24	1,052.09
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.75%	0.93%
d	Concentration of NPAs: Total Exposure to top four NPA accounts	73.50	72.28
e	Sector-wise NPAs		
		% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	1.62%	3.64%
(ii)	MSME - Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	1.42%	0.92%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	6.23%	6.40%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

		(₹ Lakhs)	
Sl No	Particulars	31st March 2022	31st March 2021
(i)	Movement of NPAs Net NPAs to Net Advances (%)	2.14%	2.50%
(ii)	Movement of NPAs (Gross)		
	Opening balance	5,594.01	4,983.03
	Additions during the year	2,223.89	2,508.70
	Reductions during the year	1,875.69	1,897.72
	Closing balance	5,942.21	5,594.01
(iii)	Movement of Net NPAs		
	Opening balance	2,522.83	2,439.42
	Additions during the year	1,380.13	1,682.19
	Reductions during the year	1,547.76	1,596.78
	Closing balance	2,355.20	2,522.83
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,071.18	2,543.61
	Provisions made during the year	843.76	826.51
	Write-off / write-back of excess provisions	327.93	298.94
	Closing balance	3,587.01	3,071.18
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	Disclosure of Complaints		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	4	-
c	No. of complaints redressed during the year	4	-
d	No. of complaints pending at the end of the year	-	-

50.3 Disclosures as required under guidelines on liquidity risk management framework for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk

i. Funding concentration based on significant counterparty (both deposits and Borrowings)

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings As at 31st March 2022	4	17,713.00	171.82	11.50
2	Borrowings As at 31st March 2021	6	20,600.00	120.01	19.65

ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits as at 31st March 2022	416.06	6.73%
2	Total for Top 20 Large Deposits as at 31st March 2021	553.10	3.38%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

(₹ Lakhs)

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings as at 31st March 2022	15,661.00	15.90%
2	Total for Top 10 Borrowings as at 31st March 2021	23,041.00	23.47%

iv. Funding concentration based on significant instrument / products

Sl No	Name of the Instrument / Products	31st March 2022		31st March 2021	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Sub Ordinate Debt	26,425.51	24.66%	25,226.16	24.12%
2	Non-Convertible Debentures - Public Issue (Unsecured)	11,640.38	10.86%	6,460.97	6.18%
3	Fixed Deposits	8,791.80	8.21%	17,435.40	16.67%
4	Non-Convertible Debentures - Public Issue (Secured)	30,836.75	28.78%	16,938.78	16.20%
5	Non-Convertible Debentures - Private placement	10,003.69	10.18%	11,954.83	11.44%
6	Preference Shares	1,490.29	1.39%	1,842.25	1.76%
	Total	90,088.42	84.08%	79,858.39	76.36%

v. Stock Ratios:

a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2022		31st March 2021	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	-	-	-	-
3	% to Total Liabilities	-	-	-	-
4	% to Total Public Assets	-	-	-	-

b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2022	31st March 2021
1	Non-Convertible Debentures (on maturities of less than 1 year)	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Assets	-	-

c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2022	31st March 2021
1	Other Short term Liabilities	10,514.13	14,565.05
2	% to Total Public Funds	-	-
3	% to Total Liabilities	9.81%	13.93%
4	% to Total Assets	8.28%	11.77%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk faced by the Company. The meetings of RMC are presently held as may be necessary. Moreover, the Board of Directors have also constituted

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding mix, etc. ALCO meetings are held as may be required. The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

Definition of terms as used in the table above:

a) Significant counterparty:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

e) Other short-term liabilities:

All short term borrowings other than CPs and NCDs with original maturity less than 12 months.

Disclosure on Liquidity Coverage Ratio (LCR)

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio ("LCR"), which aim to ensure that an NBFC maintains an adequate level of unencumbered HQLAs which can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

The LCR is computed as per the formula given below:

$LCR = \text{Stock of High-Quality Liquid Assets ("HQLAs")} / \text{Total Net Cash Outflows over the next 30 calendar days}$

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management ("ALM") Committee oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudent limits on investments in different instruments to maintain a healthy investment profile. Any potential collateral calls from the same forms a minuscule part of cash outflows. There is no currency mismatch in the LCR. This above is periodically monitored and reviewed by ALCO.

Major source of borrowings for the Company are Non-Convertible Debentures, Term Loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 50 (3).

NOTES TO THE ACCOUNTS (Contd....)

For the year ended 31st March 2022

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2021		Jul-Sep 2021		Oct-Dec 2021		Jan-Mar 2022		Jan-Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
High Quality Liquid Assets											
1	Total High Quality Liquid Assets (HQLA)	3,632.54	3,118.19	9,881.59	9,267.73	5,412.49	2,898.89	3,581.80	2,888.29	-	3,354.56
Cash Outflows:											
2	Drawings for deposit taking companies	687.74	785.15	1,533.64	1,550.99	1,276.50	1,467.97	627.71	771.87	1,153.12	1,126.09
3	Unsecured wholesale funding	35.37	41.83	35.62	40.96	27.59	31.73	21.57	24.80	45.55	13.51
4	Secured fundings	1,493.67	1,706.22	1,180.05	1,357.05	677.07	778.94	534.00	614.11	900.10	1,035.12
5	Additional requirements, in which Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-	-	-
6	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
7	Credit and liquidity facilities	629.25	723.52	855.91	383.00	415.39	477.20	519.63	712.57	687.14	790.20
8	Other contract funding obligations	271.67	254.92	-	-	-	-	-	-	-	-
9	Other contract funding obligations	-	-	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,953.60	3,511.64	3,705.22	4,261.00	2,396.55	2,756.04	1,802.91	2,073.55	2,786.89	3,204.92
Cash Inflows											
9	Secured lending	4,644.85	3,483.05	5,010.88	3,758.16	5,504.50	4,178.36	3,256.74	4,941.04	5,053.21	3,789.91
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	7,200.00	5,400.00	5,716.66	4,287.50	3,600.00	2,700.00	-	-
12	TOTAL CASH INFLOWS	4,644.85	3,483.05	12,210.88	9,158.16	11,221.16	8,465.86	6,856.74	7,641.04	5,053.21	3,789.91
13	TOTAL HQLA	3,118.94	3,118.94	9,367.79	9,367.79	2,888.29	2,888.29	2,888.29	2,888.29	-	3,354.38
14	TOTAL NET CASH OUTFLOWS	877.91	877.91	1,065.25	1,065.25	689.01	689.01	518.34	518.34	801.23	801.23
15	LIQUIDITY COVERAGE RATIO (%)	355.27%	355.27%	879.40%	879.40%	420.73%	420.73%	557.27%	557.27%	418.65%	418.65%
Components of HQLA											
	Cash or SBC	501.97	501.97	749.26	749.26	390.02	390.02	310.28	310.28	-	416.81
	- Balances with Banks	744.47	744.47	7,064.13	7,064.13	514.68	514.68	683.91	683.91	-	884.27
	- Government Securities	2,558.00	2,558.00	2,568.00	2,568.00	2,568.00	2,568.00	2,368.00	2,368.00	-	2,094.40
	- Commercial Paper	-	-	-	-	-	-	-	-	-	-
	TOTAL	3,632.54	3,632.54	9,881.39	9,881.39	3,412.50	3,412.50	3,261.89	3,261.89	-	3,554.38

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

50.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP/BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure as follows:

(₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	695.26	94.31	-	209.72	391.23
Corporate Loans*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	695.26	94.31	-	209.72	391.23

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

50.5 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

For the year 31st March 2022

(₹ Lakhs)

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)
Performing Assets						
Standard	Stage 1	99,679.78	476.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
Sub-Total		1,08,880.26	574.32	1,08,305.94	435.52	138.80
Non Performing Assets (NPA)						
Substandard	Stage 3	1,505.11	397.72	1,507.39	267.59	130.33
Doubtful - up to 1 year	Stage 3	1,095.91	700.65	355.26	521.22	179.43
1 to 3 years	Stage 4	197.37	194.76	102.61	154.60	40.16
More than 3 years	Stage 3	-	-	-	-	-
Sub-Total for doubtful assets		1,393.28	895.41	497.87	675.92	219.59
Loss	Stage 3	2,645.82	2,645.82	-	2,645.82	-
Sub-Total for NPA		5,942.21	3,936.95	2,005.26	3,587.03	349.92
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms.						
Sub-Total		-	-	-	-	-
Total	Stage 1	99,679.78	476.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
	Stage 3	5,942.21	3,936.95	2,005.26	3,587.03	349.92
	Total	1,14,822.47	4,511.27	1,10,311.20	4,022.55	488.72

Note : In terms of the requirement as per RBI notification no. RB /2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The unpaired allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning) as at 31st March 2022 and accordingly, no amount is required to be transferred to impairment reserve.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

For the year 31st March 2021

(₹ Lakhs)

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)
Performing Assets						
Standard	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
Sub-Total		1,07,392.45	427.65	1,06,964.80	429.57	1,924
Non Performing Assets (NPA)						
Substandard	Stage 3	2,304.50	556.70	1,827.80	339.43	771.77
Doubtful - up to 1 year	Stage 3	757.47	469.67	287.80	385.76	83.91
1 to 3 years	Stage 3	85.82	19.05	66.76	77.57	(5.11)
More than 3 years	Stage 3	53.69	6.75	46.94	15.27	(8.42)
Sub-Total for doubtful assets		896.48	495.48	401.00	473.40	72.38
Loss	Stage 3	2,312.65	2,152.90	159.75	2,312.65	(159.75)
Sub-Total for NPA		5,594.01	3,205.08	2,388.93	3,071.18	133.90
Other items such as guarantors, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
Sub-Total						
Total	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
	Stage 3	5,594.01	3,205.08	2,388.93	3,071.18	133.90
	Total	1,12,986.46	3,632.73	1,09,353.73	3,500.75	131.98

50.6 The Company commenced the process for implementing the RBI Direction as per clause 13 of the harmonising circular dt 12th November 2021 with regard to the concepts of date of overdue, SMA and NPA classification and upgradation with specific reference to day end process for compliance for applicable for period beyond 31st March 2022.

51. Disclosure under clause 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	31st March 2022	31st March 2021
a) Loans and advances in the nature of loans to subsidiaries		
Name of the Company		
Amount		
a) Loans and advances in the nature of loans to associates		
Name of the Company		
Amount		
c) Loans and advances in the nature of loans to firms/companies in which directors are interested		
Sakshi Foundation		
Suddha Sanmarga Nilayam	81.76	121.18
d) Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	9.01	16.96

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

52. Disclosure under clause 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office at 'GDA House', First Floor, Plot No.85, Bhusari Colony (Right), Paul Road, Pune.

53. Public Issue of Secured, Redeemable, Non-Convertible Debentures for ₹ 10,000 lakh

During April 2022, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 5,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating ₹ 10,000 lakhs. The NCD issue opened on 11th April 2022 and closed early on 25th April 2022, as against the scheduled closure date of 5th May 2022. The Company received a valid subscription for ₹ 10,852.48 lakh. The Company made allotment of 10,00,000 NCDs aggregating ₹ 10,000 lakh to the eligible allottees on 29th April 2022. The NCDs have been listed and admitted for trading with BSE Limited with effect from 4th May 2022. The entire proceeds of the NCD issue are being utilized for the objects stated in the NCD Prospectus.

54. Disclosure under Code on Social Security, 2020

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

55. The Company does not fall under the definition of large corporate as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 and as such furnishing of necessary disclosures does not arise.

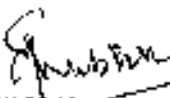
56. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 107(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line items. The company will evaluate and make the disclosures from subsequent year.

57. There have been no events after the reporting date that require disclosure in these Financial Statements. However, the Board of Directors of the Company have recommended a dividend of 6% being ₹ 0.60 per share on the equity shares of the Company for the year ended 31st March 2022 (₹ 0.60 per share - 31st March 2021) which is subject to approval of shareholders. The proposed dividend has not been recognised in the books in accordance with IND AS 10.

58. No fraud by the Company or on the Company has been noticed or reported during the Financial Year 2021-22.


59. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

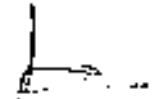
As per our report attached
For CSK Prabhu & Co.,
Chartered Accountants
Firm Regn. No.: 002480


CSK PRABHU
Partner
Membership No. 019811



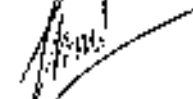
Coimbatore
24th May 2022


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN: 00377053


S. VENKATESH
Company Secretary and
CSE Compliance Officer
MCA 2022

For and on behalf of the Board


M. MANICKAM
Chairman
DIN: 00102722


SRIIVASAN ANAND
Chief Financial Officer
Membership No.070494

Independent Auditor's Report

To

The Members of Sakthi Finance Limited

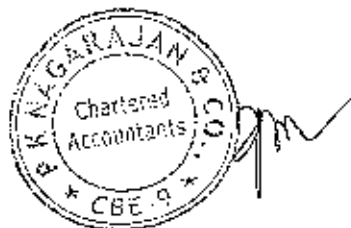
Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Sakthi Finance Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2021 and 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 financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules made 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.



Emphasis of Matter

4. We draw attention to Note 2(d) to the accompanying financial statements, which explains the impact of the COVID-19 pandemic and management assessment of the probable material impact on Company's operations and financial metrics, including the non-fulfillment of the obligations by the customers due to lock-down, extended moratorium allowed by Government and other restrictions related to Covid-19 situation. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in Audit
<p>5.1 Asset Classification Accuracy in identification and categorization of receivables from financing activities as performing and non-performing assets and in ensuring appropriate asset classification, existence of security, income recognition, provisioning/ write off thereof and completeness of disclosure including compliance with applicable guidelines issued by Reserve Bank of India (RBI).</p>	<p>We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure correct classification, income recognition and provisioning/ write-off including Non-performing assets as per applicable RBI guidelines. The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by Institute of Chartered Accountants of India. Agreements entered into regarding significant transactions including related to Hire Purchase and Pronote Loans have been examined to ensure compliance. We have also reviewed the reports generated from management</p>



	<p>information systems, audit/ inspection reports issued by the internal/secretarial auditors and RBI. The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</p>
<p>5.2 Information Technology System The dependence of Information technology (IT) system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems.</p> <p>We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated. In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the IT infrastructure and applications relevant to the financial reporting:</p> <p>Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines and practices.</p> <p>Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run.</p> <p>The aspects covered in the IT systems General Control audit were</p> <ul style="list-style-type: none">(i) User Access Management(ii) System maintenance control <p>have been ensured by understanding the design and the operating effectiveness of such controls in the system;</p> <p>Understanding updation that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting.</p>



	<p>Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.</p>
<p>5.3 Impairment Loss Allowance Management's judgements in the calculation of impairment allowances have significant impact on the financial statements. The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss ("ECL") model as required by Ind AS 109 relating to "Financial instruments." Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorisation of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none">1. Categorisation of loans in Stage 1, 2 and 3 based on identification of:<ol style="list-style-type: none">a. exposures with significant increase in credit risk since their origination andb. Individually impaired/default exposures.2. Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate ECL3. The impact of different forward looking information including future macroeconomic conditions in the determination of ECL. <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortised cost. Management has made a number of</p>	<p>We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology.</p> <p>We assessed the design and implementation, and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions.</p> <p>We also assessed the approach of the Company for categorisation of the loans in various stages reflecting the inherent risk in the respective loans.</p> <p>For a sample of financial assets, we tested the correctness of stage-wise categorisation, reasonableness of PD, accuracy of LGD and ECL computation.</p> <p>We also assessed the appropriateness of the impairment methodology adopted by the management including the possible impact of the uncertainties associated with the COVID-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.</p>



interpretations and assumptions when designing and implementing models that are compliant with the new standard.

The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.

In respect of accounts where moratorium benefits had been extended based on RBI's COVID 19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model.

In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.

Based on the above work performed, management's assessment of impairment loss allowance and related disclosure are considered to be reasonable.

Information Other than the financial statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's information but does not include the financial statements and our auditor's report thereon.
7. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
8. In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



Responsibilities of Management and Those Charged with Governance for the financial statements

9. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other 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 Companies (Indian Accounting Standards) Rules, 2015. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

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



12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- a) Identify and assess the risks of material misstatement of the 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 override of internal control.
 - b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - e) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



13. 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in exercise of the powers conferred by sub-section (11) of Section 143 of the Act we give in the "Annexure -A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of 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, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of the written representations received from the Directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act; and
- (h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us;
- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements as referred to Note 32 to the financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;



- (iii) There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") except for Rs. 500/- that has not been transferred to IEPF for the reason described in Note 17 to the financial statements.



Place: Coimbatore
Date: 30.06.2021

For P K Nagarajan & Co.,
Chartered Accountants
Firm Registration Number: 016676S

A handwritten signature in black ink, appearing to read "S P Muthusami".

S P Muthusami
Partner

Membership Number: 224171
UDIN: 21224171AAAAHV1828

The Annexure- 'A' to the Independent Auditor's Report

Referred to in paragraph 16 of Independent Auditor's Report of even date to the members of **Sakthi Finance Limited** on the financial statements for the year ended 31st March 2021

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) These fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
(c) According to the information and explanations given to us, the title deeds of immovable properties, as disclosed in Note 10 to the financial statements, are held in the name of the company. In respect of immovable properties taken on lease and disclosed as right-of-use-assets in the financial statements, the lease agreements are in the name of the company.
- ii. The company does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the Order are not applicable to the company.
- iii. The Company has granted unsecured loans to a party covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us,
 - (a) The terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.
 - (c) There are no amounts of such loans overdue for more than ninety days.
- iv. In our opinion and according to the information and the explanations given to us, the company has not given/provided any loans, guarantee and securities to parties covered in section 185 of the Act. The Company has complied with provisions of section 186 of the Act to the extent applicable.
- v. The company has accepted deposits from the public. The directives issued by the Reserve Bank of India (RBI) and provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder, wherever applicable, have been complied with. No order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.



- vi. The Central Government has not specified the maintenance of Cost Records under sub-section (1) of Section 148 of the Act for the activities of the company.
- vii. a) The company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, goods and service tax, cess and any other applicable material statutory dues with the appropriate authorities. There are no such statutory dues as at the last day of the financial year, remaining in arrears for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the following disputed statutory dues aggregating to Rs.1,338.12 Lakhs that have not been deposited on account of matters pending before appropriate authorities:

Name of the Statute	Nature of Dues	Amount (Rs.in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	9.83	AY 2012-13	Assessing Officer
Finance Act, 1994	Service Tax	1,328.29	Oct 2009 to Sept 2014	Customs, Excise & Service Tax Appellate Tribunal

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government and debenture holders during the year.
- ix. In our opinion and according to the information and the explanations given to us, the Company has utilized the money raised by way of public issue of non-convertible debentures and term loans during the year for the purpose for which those were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.



- xi. According to the information and explanations given to us and based on the examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Note 41 to the financial statements as required under the Indian Accounting Standard (Ind AS) 24.
- xiv. During the year under review, the company has made private placement of preference shares and the requirements of Section 42 of the Act have been complied with. The amounts raised have been used for the purpose for which they were raised. Further, the company has not issued any fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the Directors or persons connected with them. Accordingly, para 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, we report that the company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.



Place: Coimbatore

Date: 30.06.2021

For P K Nagarajan & Co.,
Chartered Accountants
Firm Registration Number: 016676S


S P Muthusami

Partner

Membership Number: 224171

UDIN: 21224171AAAAHV1828

Annexure – 'B' to the Independent Auditor's Report

Referred to in paragraph 17(f) of the Independent Auditor's Report of even date to the members of Sakthi Finance Limited on the Financial Statements for the year ended 31st March 2021

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Sakthi Finance Limited ("the Company") as at 31st March 2021 in conjunction with our audit of the 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 controls over financial reporting criteria established by the Company considering the essential components of the internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 Act.

Auditor's responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



4. Our audit involves performing procedures to obtain audit evidence about the adequacy of internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error.
5. 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 control system over financial reporting.

Meaning of Internal Financial Control over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls over financial reporting includes those policies and procedures that
- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the company are being made only in accordance with authorizations of management and directors of the company; and
 - c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.



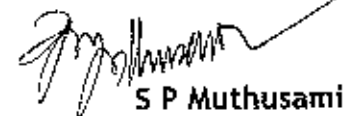
Place: Coimbatore

Date: 30.06.2021

For P K Nagarajan & Co.,

Chartered Accountants

Firm Registration Number: 0166765


S P Muthusami

Partner

Membership Number: 224171

UDIN: 21224171AAAAHV1828

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2021

Particulars	note	(₹ Lakhs)	
		As at 31st March 2021	As at 31st March 2020
ASSETS			
Financial Assets			
Cash and cash equivalents	3	1,364.11	1,112.79
Bank Balances other than cash and cash equivalents	4	375.79	469.39
Receivables	5		
(i) Trade Receivables		182.41	237.36
(ii) Other Receivables		3.52	8.69
Loans	6	1,09,353.73	1,07,046.18
Investments	7	2,668.28	2,659.80
Other Financial assets	8	1,830.43	2,165.58
Non-Financial Assets			
Current tax assets (net)			36.80
Investment Property	9	279.81	284.41
Property, Plant and Equipment	10 (a)	6,122.29	6,516.65
Right of use assets	10 (b)	1,070.50	1,211.97
Intangible assets under development	10 (c)	86.27	15.07
Other Intangible assets	10 (d)	102.57	114.95
Other non-financial assets	11	603.73	323.78
Total Assets		1,24,043.44	1,22,001.22
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	12		
(i) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		3.26	6.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		140.62	160.76
(ii) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		151.48	101.99
Debt Securities	13	28,929.69	31,453.32
Borrowings (Other than debt securities)	14	23,059.16	21,218.20
Deposits	15	17,086.35	19,046.58
Sub-Ordinated Liabilities	16	33,529.65	29,216.13
Other financial liabilities	17	1,672.37	3,720.71


BALANCE SHEET AS AT 31ST MARCH 2021 (CONTD...)


(₹ Lakhs)

Particulars	Note	As at 31st March 2021	As at 31st March 2020
Non-Financial Liabilities			
Current tax liabilities (net)		47.29	-
Provisions	18	118.09	121.73
Deferred tax liabilities (net)	19	39.48	215.71
Other non-financial liabilities	20	68.47	91.89
EQUITY			
Equity Share Capital	21	6,470.59	6,470.59
Other Equity	22	12,726.94	12,176.94
Total Liabilities and Equity		1,24,043.44	1,22,001.22
The accompanying Notes form an integral part of the financial statements	51		


As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.: 0266765

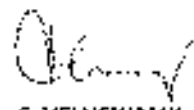
For and on behalf of the Board


S.P. MUTHUSAMI
Partner
Membership No. 224171


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN: 00377055


M. MANICKAM
Chairman
DIN: 00102235


S. VENKATESH
Company Secretary
FCS 7012


S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN: 05314888


Place : Coimbatore
Date : 30th June 2021

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2021


(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2021	For the year ended 31st March 2020
REVENUE FROM OPERATIONS			
Interest Income	23	16,597.96	16,158.72
Rental Income		5.52	21.13
Fees and Commission Income	24	313.23	483.89
Sale of power from Wind Mills	25	181.07	208.43
Recovery of Bad Debts		37.01	150.44
Total Revenue from operations		<u>17,132.79</u>	<u>17,022.61</u>
Other income	26	0.87	0.70
Total Income		<u>17,133.66</u>	<u>17,023.01</u>
Expenses			
Finance Costs	27	10,415.94	10,109.40
Fees and commission expense		188.08	174.25
Impairment on financial instruments	28	787.71	729.44
Employee Benefits Expenses	29	2,604.20	2,633.57
Depreciation and Amortization	30	421.70	465.61
Other Expenses	31	1,458.59	1,509.71
Total Expenses		<u>15,876.22</u>	<u>15,621.98</u>
Profit before exceptional Items and Tax		1,257.44	1,401.03
Exceptional Items		-	-
Profit before Tax		1,257.44	1,401.03
Tax Expense:		331.65	283.09
- Current Tax		508.42	449.61
- Deferred Tax		(176.77)	(166.52)
Profit for the year		<u>925.79</u>	<u>1,117.94</u>
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		11.94	(22.38)
- Actuarial Changes in Defined benefit obligation		2.19	12.81
- income Tax relating to items that will not be reclassified to profit or loss		(0.55)	(4.98)
Sub Total (A)		<u>13.58</u>	<u>(5.54)</u>
(B) Items that will be reclassified to profit or loss			
Other Comprehensive Income (A+B)		<u>13.58</u>	<u>(5.54)</u>
Total Comprehensive Income		<u>939.37</u>	<u>1,112.40</u>
Earnings per Equity Share			
Pa Value per Equity Share (₹)		10.00	10.00
Basic (₹)		1.45	2.19
- Diluted (₹)		1.45	2.19
The accompanying Notes form an integral part of the financial statements	1-51		

As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.: 0166/65


S. MUTHUSAMI
Partner
Membership No. 2241/1

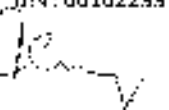
Place: Coimbatore
Date: 30th June 2021


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN: 00377053


S. VENIGATESH
Company Secretary
FCS 7012

For and on behalf of the Board


M. MANICKAM
Chairman
DIN: 00102244


S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN: 05314999

SAKTHI FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,257.44	1,401.03
Adjustment to reconcile profit before tax to net cash flows :		
Non-cash expenses		
Depreciation and amortisation	421.70	465.51
Impairment on Loan Assets	641.18	545.14
Bad debts and write-offs	166.76	170.29
Remeasurement gain/(loss) on defined benefit plans	2.19	22.82
Impairment on investments	3.46	2.80
Impairment on Trade receivables	(23.69)	11.21
Amortization of fees and Commission on financial liability	273.89	174.10
Income/expenses considered separately		
Income from investing activities	(252.83)	(253.59)
Net gain/loss on demeritization of property, plant and equipment	0.22	1.50
Finance costs	10,415.94	10,109.40
Operating profit before working capital changes	12,906.26	12,650.31
Movements in Working Capital:		
Decrease / (increase) in Loans	(3,115.49)	(15,107.49)
Decrease / (increase) in Trade receivables	78.64	(27.04)
Decrease / (increase) in Other receivables	5.17	(8.69)
Decrease / (increase) in Other financial assets	344.83	(301.14)
Decrease / (increase) in Other non-financial assets	(69.54)	(92.57)
Increase / (decrease) in Trade Payables	(23.75)	(17.93)
Increase / (decrease) in Other Payables	49.49	(149.06)
Increase / (decrease) in Other financial liabilities	63.21	39.06
Increase / (decrease) in Other non-financial liabilities	(23.42)	(23.40)
Increase / (decrease) in Provisions	(3.64)	17.55
Cash used in operations	(2,694.50)	(15,762.51)
Income taxes paid (net of refunds)	(424.34)	(456.55)
Interest received on Bank deposits	31.66	21.59
Finance costs paid	(9,179.69)	(10,070.99)
Net Cash flows from / (used in) Operating Activities	(A) 639.39	(13,598.35)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(140.66)	(81.08)
Purchase of investments at amortised cost	-	(51.87)
Proceeds from sale of investments at amortised cost	-	150.00
Proceeds from sale of property, plant and equipment and intangible assets	0.35	0.90
Interest income received from investment at amortised cost	221.17	232.40
Increase in earmarked balances with banks	93.60	125.65
Net cash flows from / (used in) Investing Activities	(B) 174.46	475.00


CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2021 (CONTD...)

(₹ Lakhs)

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
C CASH FLOW FROM FINANCING ACTIVITIES		2,500.00
Proceeds from issue of equity shares	-	(358.51)
Issue expense of Debt Securities	(211.53)	11,681.70
Proceeds from borrowings through Debt Securities	13,474.41	(9,081.08)
Repayment of borrowings through Debt Securities	(16,059.38)	4,461.38
Proceeds from borrowings through Deposits	702.12	(7,846.90)
Repayment of borrowings through Deposits	(2,738.22)	5,500.00
Proceeds from borrowings other than Debt Securities	5,600.00	(4,580.66)
Repayment of borrowings other than Debt Securities	(3,870.19)	14,496.80
Proceeds from borrowings through Sub-Ordinated Liabilities	3,837.70	(8,652.75)
Repayment of borrowings through Sub-Ordinated Liabilities	(781.62)	(494.37)
(Increase) / decrease in loan repayable on demand	25.04	(146.76)
Lease liability paid	(152.62)	(602.78)
Dividend paid (including tax)	(388.24)	10,876.57
Net cash flows from Financing Activities	(C)	(562.53)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	251.32
Cash and cash equivalents at the beginning of the year	1,112.79	3,359.77
Cash and cash equivalents at the end of the year	1,364.11	1,112.79
Net cash provided by / (used in) Operating Activities includes:		
Interest received	16,345.13	15,905.13
Interest paid	(9,179.69)	(10,070.99)
Net cash provided by / (used in) operating activities	7,165.44	5,834.14
Cash and cash equivalents at the end of the year:		
i) Cash in hand	714.34	38.58
ii) Cheques on hand	540.37	977.21
iii) Balances with banks (of the nature of cash and cash equivalents)	109.40	97.00
Total	1,364.11	1,112.79

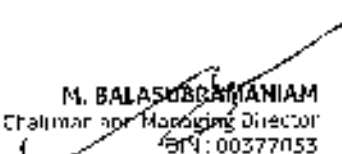
The accompanying Notes form an integral part of the financial statements


As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.: 0160765



S.R. MUTHUSAMI
Partner
Membership No. 224271

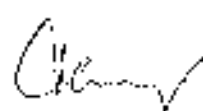
Place : Coimbatore
Date : 30th June 2021

For and on behalf of the Board


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053


S. VENKATESH
Company Secretary
FCS 7012


M. MANICKAM
Chairman
DIN : 00102233


S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN : 05374999

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") is a public limited Company having its Registered Office at 62, Dr. Kariappa Road, Coimbatore, Tamilnadu 641018. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Company is a deposit-taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") vide certificate No. 07 00252 dated 8th May 1998. By virtue of RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC-Investment and Credit Company (NBFC-ICC). The Company is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipment, Machineries, etc.

The Board of Directors, at their meeting held on 30th June 2021, approved the Financial statements of the Company for the year ended 31st March 2021.

2. Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read together with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and the relevant provisions of the Act as applicable. Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit-taking Company and Deposit-taking company (Reserve Bank) Directions 2016 ["the NBFC Master Directions"] and the notification for implementation of Indian Accounting Standard vide circular RBI/2019-20/170DOR(NBFC), CC.PD.No.109/22.10.2019/2019-20 dated 13th March 2020 ("RBI Notification for Implementation of Ind AS") issued by RBI.

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

The regulatory disclosures as required by NBFC Master Directions to be included in the Notes forming an integral part of the financial statements are prepared as per RBI Notification for Implementation of Ind AS.

b. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III to Schedule II to the Act applicable to

NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional, legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties.

The Financial Statements are presented in Indian Rupees (₹) which is the functional currency of the company and all values are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

c. Use of Estimates, Judgements and Estimation uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, which might have an effect on these financial statements. The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in preparation of financial statements are prudent and reasonable.

Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company.

d. Impact of Covid 19

The COVID-19 pandemic has resulted in significant decrease in economic activities throughout the Country as well as Global. The Government of India and respective State Governments announced a strict curfew and lockdown across the country to control the spread of virus. This had a consequential impact

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

in the regular operations of the company. Further, the Company had extended the moratorium and also implemented resolution framework for eligible borrowings as per Reserve Bank of India ("RBI") directives issued from time to time. The relevant disclosures are given in Note 48 to the financial statements.

c. Financial Instruments

i. Initial Recognition

Financial assets and financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

ii. Classification and Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

- At amortised cost
- At Fair Value Through Other Comprehensive Income ("FVTOCI")
- At Fair Value Through Profit and Loss ("FVTPL")

The Company classifies financial liabilities at amortised cost unless it has designated liabilities at fair value through profit and loss.

Financial Assets at Amortised Cost

The classification of financial assets such as cash and cash equivalents, Loans, trade receivables and investments (other than classified at FVTOCI) are measured at amortised cost based on the assessment of business model as follows:

Business model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

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 and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meet SPPI test. For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Financial Assets at FVTOCI

Equity instruments

The Company has made an irrevocable election to classify and measure the listed equity instruments at FVTOCI to present the subsequent changes in fair value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Financial liabilities at Amortised cost

The company had classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds, and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till last year, the issue expenses relating to public issue of Non-Convertible Debentures was set-off against security premium. In the current year, the amortised issue expenses are written off in the statement of profit and loss and in future, the same write-off policy will continue.

iv. Derecognition of Financial Instruments

Financial Asset

The Company derecognises the financial asset when, and only when:

- The contractual rights to receive the cash flows from the financial 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 a 'pass-through' arrangement; and either:
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received shall be recognised in statement of profit and loss.

Financial Liability

The Company derecognises the financial liability when and only when it is extinguished, i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability shall be considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

On derecognition of a financial liability, the difference between: (a) the carrying amount and (b) the consideration paid shall be recognised in the statement of profit and loss.

v. Impairment of Financial Assets

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

The ECL is based on the credit losses expected to arise over the life of the financial asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company has categorized its loans into Stage 1, Stage 2 and Stage 3, as detailed below:

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Stage 1:

Financial assets, where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, are classified under this Stage. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12 month ECL for Stage 1 assets.

Stage 2:

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment, are classified under this Stage. The Company provides Lifetime ECL for Stage 2 assets.

Stage 3:

90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

f. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the company at the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The company applied the fair value hierarchy for the inputs in valuation techniques used to measure fair value. The three levels of hierarchy are:

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable input that is significant to the measurement as a whole

The Company determines appropriate classes of assets and liabilities on the basis of the following:

- a. the nature, characteristics and risks of the asset or liability; and
- b. the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the period.

g. Property, Plant and Equipment ("PPE")

The Company recognises an item of property, plant and equipment when:

- a. it is probable that future economic benefits associated with the item will flow to the entity; and
- b. the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any other incidental expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Subsequent expenditure related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed by Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

h. Intangible Assets

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over the estimated useful life, in a straight-line method. The amortisation charge is calculated by using the straight-line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

i. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in Note 9. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer.

j. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non financial assets are tested for

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

impairment so as to determine the impairment loss if any at the end of each reporting period.

k. Employee Benefits

Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plan

Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employee provident fund and employee state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as expense when an employee renders related service.

Defined Benefit Plan

Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an independent Actuarial using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements) under employee benefit expenses and net interest expense or income in the Statement of Profit and Loss in the line item, Employee Benefits Expenses.

Re-measurements of defined benefit plan, comprising actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to Other Comprehensive Income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The retirement benefit obligation, recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

Other Long-Term Benefits

Leave Encashment, Compensated Absences and Sick Leave

The Company provides for the encashment / availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment / availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

The service cost, interest on defined benefit liability and re-measurements of defined benefit liability is recognised in the statement of profit and loss.

L. Income

i. Interest Income

The Company recognises interest income using Effective Interest Rate ("EIR") on all financial assets which are subsequently measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ("Stage 3"), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments/non-payment of contractual cash flows is recognised on realisation.

Interest income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

ii. Dividend Income

Dividend income on equity shares is recognized when the right to receive the payment is established by the reporting date.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

iii. Other Operating Income

The Company recognises 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 recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises income on recoveries of financial assets written off on realisation basis.

iv. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of service delivery. Cheque Bounce charges levied on customers for non payment of instalment on the contractual date is recognised on realisation. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realisation.

v. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid.

vi. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

m. Foreign Currency Transaction

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rates. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are

recognised in the Statement of Profit and Loss in the period in which they arise.

n. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest rate method as per Ind AS 109 on Financial Instruments and interest in respect of lease liability recognised in accordance with Ind AS 116. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

o. Income Taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

i. Current tax

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

ii. Deferred Tax

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Deferred tax relating to items recognized outside profit or loss is recognised either in Other Comprehensive Income or in other equity.

p. Goods and Services Input Tax Credit

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

q. Leases

As a Lessee

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value or modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. In subsequent periods, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at that date of recognition discounted at the Company's incremental borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

Amendments to Ind AS 116 Covid-19 Related Rent Concessions:

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. This amendment had no significant impact on the financial statements of the Company.

As a Lessor

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

r. Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event; it is probable that the Company will

be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of out flow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

s. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short term deposits with an original maturity of three months or less, which are subject to an insignificantly risk of change in value.

t. Statement of Cash Flow

Statement of Cash Flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

u. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year. For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
3. CASH AND CASH EQUIVALENTS		
Cash on hand	714.34	58.58
Balance with Banks in Current Accounts	109.40	97.00
Cheques, drafts on hand	540.57	977.21
Total	1,364.11	1,112.79
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Borrowed Balances with Banks :		
Unpaid Dividend Accounts	56.83	56.39
Term Deposits with Banks :		
- Free	-	-
- Under Lien #	318.96	413.00
Total	375.79	469.39

Details of Term Deposits under lien

Particulars	As at 31st March 2021		As at 31st March 2020	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets*	318.96	12.83	413.00	11.88
Total	318.96	12.83	413.00	11.88

* In accordance with the Reserve Bank of India Directives, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd., Trustees representing the Public deposit holders of the company.

5. RECEIVABLES

(i) Trade Receivables

Unsecured - Considered good	111.14	163.81
- Unsecured - Considered good	120.43	146.40
- Unsecured - Credit Impaired	(49.16)	(72.80)
Less: Impairment Allowance	-	-
Total	162.41	237.36

(ii) Other Receivables

Unsecured - Considered good	3.52	8.69
Total	3.52	8.69

There is no amount due from any directors or other officers of the Company or any firm, or Private Limited Company in which any Director is a partner, a Director or a member.

6. LOANS

(A) Loans (at amortised cost)*

Wife Purchase Loans†	1,12,645.02	1,08,363.51
Loans Repayable on Demand	81.36	1,315.22
Other Loans ‡	260.08	358.96
Total (Gross)	1,12,986.46	1,10,037.71
Less: Impairment Loss Allowance	(3,632.73)	(2,991.53)
Total (Net)	1,09,353.73	1,07,046.18

(B) (i) Secured by Tangible Assets

(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Guarantee	-	-
(iv) Unsecured	341.44	1,674.20
Total (Gross)	1,12,986.46	1,10,037.71
Less: Impairment Loss Allowance	(3,632.73)	(2,991.53)
Total (Net)	1,09,353.73	1,07,046.18

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
(C) (i) Loans in India		
(a) Public Sector	1,12,986.46	1,10,037.71
(b) Others	1,12,986.46	1,10,037.71
Total (Gross)	1,12,986.46	1,10,037.71
Less: Impairment Loss Allowance	<u>(3,632.73)</u>	<u>(2,991.53)</u>
Total (Net) - C (i)	1,09,353.73	1,07,046.18
(ii) Loans Outside India		
Less: Impairment Loss Allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	1,09,353.73	1,07,046.18

* There is no loan assets measured or designated at FVTOCI or FVTPL

Includes Repossessed Assets

Represents Staff Loans

Refer Note 41 on Disclosure pursuant to Ind AS 24* - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

7. INVESTMENTS

At Amortised Cost

Investments in Government Securities

	Number	Face Value per unit (₹)		
Quoted				
Bonds of Central and State Governments *	25,68,000	100	2,577.61	2,581.07
Total (A)			2,577.61	2,581.07

At Fair value through Other Comprehensive Income

Investments in Equity Instruments

Quoted - Associates				
Sakthi Sugars Limited	5,52,833	10	52.30	40.36
Quoted - Others				
Siles India Limited	100	10	-	-
Total (B)			52.30	40.36

At Cost

Investments in Equity Instruments

Unquoted - Associates				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited	1,25,000	10	12.50	12.50
Sakthi Soft Drinks Pvt Limited	40,000	10	3.00	3.00
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,566	10	7.82	7.82
Unquoted - Others				
ABT Co-operative Stores Limited	500	10	0.05	0.05
Chokhani International Limited	100	10	0.02	0.02
Total (C)			38.43	38.43

Total (Gross) - (A+B+C)

(i) Investments Outside India			-	-
(ii) Investments In India			2,668.34	2,659.80
Total			2,668.34	2,659.80
Less: Impairment Loss Allowance			<u>0.06</u>	<u>0.06</u>
Total (Net)			2,668.28	2,659.80

In accordance with the Mesra Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2015, the Company has created a floating charge on the statutory liquid assets comprising investment in Government Securities or the above investments in favour of IDBI Trusteeing Services Ltd, Trustees representing the public deposit holders of the company.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
8. OTHER FINANCIAL ASSETS	56.16	56.69
- Interest accrued on Government Securities		
- interest accrued on Term Deposits		
- Free	12.03	11.88
- Under Lien (Refer Note A)	169.38	184.43
- Security Deposits	1,562.29	1,896.74
- Other Loans and Advances	29.77	14.64
- Advance to Employees		
Total	1,830.43	2,163.38

9. a) INVESTMENT PROPERTY

Particulars	Land	Building	Total
Carrying amount as at 1st April 2019	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2020	66.87	226.74	293.61
Additions	-	-	-
Deductions	-	-	-
Carrying amount as at 31st March 2021	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2019	-	4.60	4.60
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 2020	-	9.20	9.20
Depreciation for the year	-	4.60	4.60
Depreciation on deductions	-	-	-
Balance as at 31st March 2021	-	13.80	13.80
Net carrying amount			
As at 31st March 2020	66.87	217.54	284.41
As at 31st March 2021	66.87	212.94	279.81
Useful Life of the Asset (in years)	-	60	-

9. b) Rental Income with respective expenses

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Rental Income - Building	3.52	21.15
Direct operating expenses on properties not generating rental income in include	0.49	2.13

9. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property

Particulars	Valuation technique	Significant, unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ Lakhs	Sensitivity ₹ Lakhs
Sensitivity analysis						
Investment Property As at 31st March 2021	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2020	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

10 (a) Property, Plant and Equipment - Tangible Assets

Particulars	Tangible Assets							Total Tangible Assets
	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	
Carrying amount as at 1st April 2019	2,764.91	1,712.64	85.91	1,615.39	308.33	97.79	116.54	6,701.51
Additions	-	0.25	8.80	-	75.97	-	48.64	83.63
Deductions	-	-	1.49	-	0.93	0.63	-	3.05
Carrying amount as at 31st March 2020	2,764.91	1,712.89	93.22	1,615.39	333.34	97.16	164.98	6,781.89
Additions	-	-	0.99	-	3.86	-	46.52	51.37
Deductions	-	-	-	-	-	-	0.57	0.57
Carrying amount as at 31st March 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Accumulated depreciation / amortisation and impairment	-	-	-	-	-	-	-	-
Balance as at 1st April 2019	-	52.88	6.93	104.37	28.94	12.98	20.69	226.99
Depreciation for the year	-	55.10	7.78	104.57	34.78	13.50	23.17	238.90
Depreciation on deductions	-	-	0.23	-	-	0.42	-	0.65
Balance as at 31st March 2020	-	107.98	14.48	209.14	63.72	26.96	43.86	465.24
Depreciation for the year	-	54.02	7.97	104.37	36.16	13.50	28.94	247.16
Depreciation on deductions	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Net Carrying amount	-	-	-	-	-	-	-	-
As at 31st March 2020	2,764.91	1,604.91	78.74	1,406.25	269.62	71.10	121.12	6,216.65
As at 31st March 2021	2,764.91	1,550.89	71.76	1,301.68	237.32	57.60	138.13	6,122.29
Useful life of the asset (in years)	-	60	15	22	10	8	10	-

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2021 (Refer Note 13 & 14)

As at 31st March 2020	427.29	1,438.80	-	1,406.25	-	-	-	3,262.34
As at 31st March 2021	273.80	1,391.56	-	-	-	-	-	1,565.36

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

		(₹ Lakhs)
10 (b) Right of use Assets		Amount
Particulars		
Carrying amount as at 1st April 2019		1,439.35
Additions		53.18
Deductions		-
Carrying amount as at 31st March 2020		1,492.53
Additions		7.97
Deductions		-
Carrying amount as at 31st March 2021		1,484.56
Accumulated depreciation / amortisation and impairment		
Balance as at 1st April 2019		135.72
Depreciation for the year		144.84
Depreciation on deductions		-
Balance as at 31st March 2020		280.56
Depreciation for the year		133.50
Depreciation on deductions		-
Balance as at 31st March 2021		414.06
Net carrying amount		1,211.97
As at 31st March 2020		1,070.50
As at 31st March 2021		1,070.50

10 (c) Intangible Assets under development		Amount
Particulars		
Carrying amount as at 1st April 2019		-
Additions		15.07
Deductions		-
Carrying amount as at 31st March 2020		15.07
Additions		71.20
Deductions		-
Carrying amount as at 31st March 2021		86.27
As at 31st March 2020		15.07
As at 31st March 2021		86.27

10 (d) Other Intangible Assets - Computer Software		Amount
Particulars		
Carrying amount as at 1st April 2019		261.73
Additions		3.88
Deductions		-
Carrying amount as at 31st March 2020		265.61
Additions		15.25
Deductions		-
Carrying amount as at 31st March 2021		278.86
Accumulated depreciation / amortisation and impairment		
Balance as at 1st April 2019		71.40
Depreciation for the year		77.26
Depreciation on deductions		-
Balance as at 31st March 2020		148.66
Depreciation for the year		27.63
Depreciation on deductions		-
Balance as at 31st March 2021		176.29
Net carrying amount		114.95
As at 31st March 2020		114.95
As at 31st March 2021		102.57
Useful Life of the Asset (in years)		6

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST MARCH 2021**

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
11. OTHER NON-FINANCIAL ASSETS		
Considered good - Unsecured:		
- Prepaid Expenses	103.49	112.67
- GST Input Tax Credit (Refer Note 2 (p))	221.21	143.74
- Debiture Issue Expenses	268.01	57.80
- Others	11.02	10.20
Total	603.73	323.78
LIABILITIES AND EQUITY		
12. PAYABLES		
(I) Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	3.26	6.87
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	140.62	180.76
(II) Other Payables		
(i) Total outstanding dues of micro enterprises and small enterprises		--
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	151.48	101.99
Total	295.36	269.62

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 ("MSMED Act"), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a)	Dues remaining unpaid to any supplier at the year end		
	- Principal	3.26	6.87
	- Interest on the above	-	-
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
	- Principal paid beyond the appointed date	-	-
	- Interest paid in terms of Section 16 of the MSMED Act	-	-
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	-	-
d)	Amount of interest accrued and remaining unpaid	-	-
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	-	-
	Total	3.26	6.87

13. DEBT SECURITIES

At Amortised Cost

Non-Convertible Debentures - Secured	28,929.69	31,453.52
Total	28,929.69	31,453.52
Debt Securities in India	28,929.69	31,453.52
Debt Securities outside India	-	-
Total	28,929.69	31,453.52

Note 1: There is no debt securities measured at FVTPL or designated at FVTPL.

ii. The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having a carrying value of ₹ 60,902.68 lakhs (31st March 2020: ₹ 30,772.56 Lakhs).

iii. For Debt securities subscribed by the related parties, Refer Note 42.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	₹ Lakhs	
	As at 31st March 2021	As at 31st March 2020
Details of Non-Convertible Debentures - Secured :		
A) (i) Issued on private placement basis - Face Value of ₹ 1		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	-	1,310.00
Sub-Total A (i)		1,310.00
(ii) Issued on private placement basis - Face Value of ₹ 1000		
- Repayable on maturity:		
Interest Range 8.50% to 10%		
Maturing within 1 year	4,628.00	2,443.50
Maturing between 1 to 2 years	3,201.00	3,659.00
Maturing between 2 to 3 years	3,426.50	2,804.50
Sub-Total A (ii)	11,255.50	8,907.00
Total A (i+ii)	11,255.50	10,217.00
Add: Interest accrued but not due	569.28	364.37
Less: unamortized charges	52.10	54.82
Total Amortized Cost (A)	11,772.48	10,526.55
B) Public Issue - Face Value of ₹ 1000		
Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	1,991.39	-
Maturing between 1 year to 2 years	5,324.98	1,991.39
Maturing between 2 years to 3 years	5,489.32	1,661.32
Maturing between 3 years to 4 years	3,272.12	3,742.49
Interest Range 10% to 11%		
Maturing within 1 year	-	11,040.05
Sub-Total (B)	16,077.81	18,435.25
Add: Interest accrued but not due	1,079.40	2,491.52
Total Amortized Cost (B)	17,157.21	20,926.77
Total Amortized Cost (A+B)	28,929.69	31,453.32

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
14. BORROWINGS (OTHER THAN DEBT SECURITIES)		
At amortized cost		
Term loan - Secured		
From Banks	5,568.31	1,601.00
From Other Lenders	2,925.80	5,077.19
Loan Repayable on Demand		
- Cash Credit Facilities from Banks	14,565.05	14,540.01
Total	23,059.16	21,218.20
Borrowings in India	23,059.16	21,218.20
Borrowings outside India	-	-
Total	23,059.16	21,218.20

There are no borrowings measured or designated at FVTPL

a) Term loans from Banks are secured as under :

i) State Bank of India

Sl No	Amount of Term Loan sanctioned	Rate of interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	4,398.00	
2	600.00	7.25%	30.11.2020	30.04.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	430.00	
Add: Interest accrued but not due							-	
Less: unamortized charges							56.52	
Total Amortized Cost							4,771.48	

ii) AU Small Finance Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,300.00	10.65%	15.12.2017	15.12.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director		608.11
Add: Interest accrued but not due							-	2.88
Less: unamortized charges							-	2.13
Total Amortized Cost								608.86

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

iii) Industrial Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2025	3 Mths	Hypothecation of specified Hire Purchase receivables	512.52	654.61
2	350.00	12.00%	04.05.2020	04.06.2025	3 Mths		274.29	340.22
Add: Interest accrued but not due							6.98	8.65
Less: unamortized charges							3.05	4.73
Total Amortized Cost							790.74	978.75

iv) HDFC Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	19.00	9.50%	05.02.2019	05.02.2022	-	Hypothecation of New Innova Crystal GX Car	6.09	13.39
Total Amortized Cost							6.09	13.39

b) Term loans from other Lenders are secured as under:

i) Sundaram Finance Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	1,000.00	10.25%	10.10.2017	10.02.2021	5 Mths	Exclusive charge on 17 Wind Mills, situated at Trunelveli/Truper Dist in Tamilnad and also at Morugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director	-	188.51
Add: Interest accrued but not due							-	2.11
Less: unamortized charges							-	-
Total Amortized Cost							-	189.62

ii) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	1,500.00	14.00%	06.04.2020	07.03.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	801.33	1,500.00
Add: Interest accrued but not due							8.50	14.38
Less: unamortized charges							10.43	19.84
Total Amortized Cost							799.20	1,494.54

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

iii) Hinduja Leyland Finance Ltd

(₹ Lakhs)

Sl. No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,600.00	10.71%	07.05.2017	07.04.2020	-	-	54.28	
2	1,500.00	10.25%	07.01.2018	07.04.2021	2 Mths	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	48.40	509.79
Add: Interest accrued but not due							0.33	4.22
Less: Unamortized charges								
Total Amortized Cost							48.73	598.29

iv) Shriram Transport Finance Company Ltd

Sl. No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	1,330.70	1,114.56
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		737.19	1,000.00
Add: Interest accrued but not due							19.15	16.43
Less: Unamortized charges							9.17	13.35
Total Amortized Cost							2,077.87	2,776.96

v) Profectus Capital (P) Ltd

Sl. No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31.03.2021	Amount outstanding as on 31.03.2020
			Commencement date	End date				
1	200.00	13.00%	15.04.2019	15.04.2020	-	Hypothecation of specified Hire Purchase receivables	-	17.67
Add: Interest accrued but not due							-	0.11
Less: Unamortized charges							-	-
Total Amortized Cost							-	17.78

c) loans repayable on demand - Cash credit facilities with banks (secured)

Particulars	As at 31st March 2021		As at 31st March 2020	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year:	9.65 % to 12.60%	14,556.73	10.55 % to 12.80%	14,432.68
Add: Interest accrued but not due		33.18		125.96
Less: Unamortized charges		24.86		18.33
Total Amortized Cost		14,565.05		14,540.01

The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

d) There is no default in repayment of loans and interest thereon.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
15. DEPOSITS (UNSECURED)		
At amortized cost		
Public Deposits	17,086.35	19,046.38
Total	17,086.35	19,046.38

There is no Deposits measured or designated at FVTPL

Details of Deposits - Unsecured :

Particulars	As at 31st March 2021	As at 31st March 2020
	Repayable on maturity:	
Interest Range 8% to 9%		
Maturing within 1 year	8,025.57	8,527.06
Maturing between 1 to 2 years	5,763.06	7,064.93
Maturing between 2 to 3 years	2,257.83	2,580.74
Sub-Total	16,046.46	17,967.73
Add: Interest accrued but not due	1,117.20	1,171.20
Less: Unamortized charges	77.31	92.55
Total Amortized Cost	17,086.35	19,046.38

For Deposits held by related parties, refer Note 41

Particulars	As at 31st March 2021	As at 31st March 2020
	16. SUB-ORDINATED LIABILITIES (UNSECURED)	
At amortized cost		
Non-Convertible Debentures - Unsecured	6,510.56	4,577.35
Redeemable Cumulative Preference Shares ("RCPS")	1,842.25	1,630.10
Sub-Ordinated Debts	25,176.84	23,008.68
Total	33,529.65	29,216.13
Sub-Ordinated Liabilities in India	33,529.65	29,216.13
Sub-Ordinated Liabilities outside India	-	-
Total	33,529.65	29,216.13

Note: There is no Sub-Ordinated liabilities measured or designated at FVTPL

Terms/rights attached to RCPS

The RCPS do not have voting rights other than matters which directly affect them. In the event of any due and payable dividends remain unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31 March 2021, the Company declared and paid an interim dividend of ₹ 134.75 lakhs after deduction of TDS of ₹ 5.54 lakhs on RCPS of ₹ 100 each fully paid (31st March 2020: ₹ 179.65 lakhs).

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Details of Sub-Ordinated Liabilities - Unsecured:

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
A) Non-Convertible Debentures - Unsecured:		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 3 years to 4 years	4,374.80	4,374.80
Maturing between 4 years to 5 years	1,603.70	-
Sub-Total (A)	5,978.50	4,374.80
B) Preference Shares		
Repayable on maturity:		
9% Redeemable Cumulative Preference Shares		
Maturing within 1 year	665.00	815.00
Maturing between 1 years to 2 years	-	665.00
Maturing between 2 years to 3 years	1,169.00	-
Sub-Total (B)	1,834.00	1,500.00
C) Sub-Ordinated Debts		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 2 to 3 years	9,914.60	-
Maturing between 3 to 4 years	12,221.80	9,914.40
Maturing between 4 to 5 years	1,244.40	12,221.80
Maturing after 5 years	-	179.40
Sub-Total (C)	23,380.60	22,315.60
Sub-Total (A+B+C)	31,193.10	28,190.40
Add: Interest accrued but not due		
A) Non-Convertible Debentures - Unsecured	532.06	202.55
B) Preference Shares	8.38	135.00
C) Sub-Ordinated Debts	1,944.88	876.67
Less: Unamortized charges		
A) Non-Convertible Debentures - Unsecured	-	-
A) Preference Shares	0.13	4.89
B) Sub-Ordinated Debts	148.64	183.60
Total amortized cost	33,529.65	29,216.13

Sub-Ordinated Debts held by related parties, refer Note 41

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
17. OTHER FINANCIAL LIABILITIES		
Unclaimed dividends (Refer Note below)	56.73	50.51
Unclaimed matured deposits and Interest accrued thereon	349.05	598.66
Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	49.32	252.79
Unclaimed matured debentures and Interest accrued thereon	182.35	100.73
Unclaimed Redeemable Cumulative Preference Shares	181.00	3.00
Advances from Customers	449.10	254.64
Security Deposits	73.21	11.41
Lease Liabilities (Refer Note 46)	331.61	443.17
Other Payables	-	-
Total	1,672.37	1,720.71
<p>Note : Equity Dividend pertaining to the financial year 2021 and 2017 for an amount of ₹ 500 have not been remitted into Investor Education and Protection Fund, due to pending legal proceedings.</p>		
18. PROVISIONS		
Provision for Employee Benefits		
Provision for bonus	47.95	44.00
Provision for gratuity (net)	21.12	28.71
Provision for leave encashment	49.02	49.02
Total	118.09	121.73
19. DEFERRED TAX LIABILITIES (net)		
a. Application of Expected Credit Loss on Financial Assets	(793.33)	(663.41)
b. Employee benefit expenses	(29.72)	(50.64)
c. Right of Use Assets and Lease Liabilities	(7.35)	(6.27)
d. Application of EIR on Financial Liabilities	96.20	99.72
e. Differences in carrying amount of Property, Plant and Equipment	773.68	816.81
Total	39.48	215.71
20. OTHER NON-FINANCIAL LIABILITIES		
Tax Deducted at source	68.47	91.89
Total	68.47	91.89
21. SHARE CAPITAL		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each	10,000.00	10,000.00
(FY 2020 : 10,00,00,000, Equity Shares of ₹ 10 each)		
30,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each	3,000.00	3,000.00
Total	13,000.00	13,000.00
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up	6,470.59	6,470.59
(FY 2020 : 6,47,05,882 : Equity Shares of ₹ 10 each)		
Total	6,470.59	6,470.59

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

a) Reconciliation of shares outstanding at the beginning and end of the year

(₹ Lakhs)

Particulars	As at 31st March 2021		As at 31st March 2020	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	5,00,00,000	5,000.00
Add: Allotment of equity Shares on preferential basis made during the year	-	-	1,47,05,882	1,470.59
Number of Equity Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2021		As at 31st March 2020	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
1. Sakthi Finance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
2. ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
3. Sakshi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
4. Avdhoot Finance and Investment Private Limited	8.69	56,24,208	8.69	56,24,208
5. Sakshi Management Services (Coimbatore) Limited	7.09	45,85,434	7.09	45,85,434
6. Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
7. The Gounder and Company Auto Limited	6.07	39,25,000	6.07	39,25,000
8. ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 30th June 2021, recommended a dividend of 6 percent, ₹ 0.60 per share (Dividend for 31st March 2020 : ₹ 0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

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.

Particulars	Details of Dividends proposed	
	31st March 2021	31st March 2020
Face Value per share (₹)	10.00	10.00
Dividend Percentage	6%	6%
Dividend per Share (₹)	0.60	0.60
Dividend on equity shares	388.24	388.24
Total Dividend	388.24	388.24

Note: The dividends proposed for the financial year 31st March 2021 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	(₹ lakhs)	
	As at 31st March 2021	As at 31st March 2020
22. OTHER EQUITY		
Reserves and Surplus		
Statutory Reserve as per Section 45-IC of the RBI Act 1934		
Opening Balance	3,167.51	2,943.92
Add : Transfer from Retained Earnings	185.16	223.59
Closing balance	<u>3,352.67</u>	<u>3,167.51</u>
Capital Reserve		
Balance as at the Opening and Closing of the year	<u>52.61</u>	<u>52.61</u>
Securities Premium		
Opening Balance	1,430.92	801.07
Add : Securities Premium on preferential Issue of Equity Shares	-	1,029.41
Less : Preferential Issue of Equity Shares / NCD Public issue expenses	1.12	399.56
Closing Balance	<u>1,429.80</u>	<u>1,430.92</u>
General Reserve		
Opening Balance	4,436.00	1,172.25
Add : Transfer from Debenture Redemption Reserve	-	3,263.75
Closing Balance	<u>4,436.00</u>	<u>4,436.00</u>
Debenture Redemption Reserve		
Opening Balance	-	3,263.75
Less : Transfer to General Reserve	-	3,263.75
Closing Balance	<u>-</u>	<u>-</u>
Retained Earnings		
Opening Balance	3,126.52	2,834.95
Add : Profit after tax for the year	925.79	1,117.94
	<u>4,052.31</u>	<u>3,952.89</u>
Less: Appropriations		
Equity Dividend (₹ 0.60 per share) paid	388.24	500.00
Tax on Dividend Equity Shares	-	102.78
Transfer to Statutory Reserve	185.16	223.59
Closing Surplus	<u>3,478.91</u>	<u>3,126.52</u>
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	(48.92)	(26.54)
Add : Income/(Expenses) for the year	11.94	(22.38)
Closing Balance	<u>(36.98)</u>	<u>(48.92)</u>
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	12.30	(4.54)
Add : Income/(Expense) for the year	1.63	16.87
Closing Balance	<u>13.93</u>	<u>12.30</u>
Closing Balance (i) + (ii)	<u>(23.05)</u>	<u>(36.62)</u>
Total	<u>12,726.94</u>	<u>12,176.94</u>

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Nature and purpose of reserves

Capital reserve: Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

Securities Premium : The amount received in excess of face value of the equity shares is recognised in Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013. Debenture issue expenses were written off against Securities Premium till the Public Issue of Non-Convertible debentures - Issue II .

General reserve: General reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. General reserve can be utilised only in accordance with the specific requirements of Companies Act 2013.

Debenture Redemption Reserve ("DRR"):

As per Ministry of Corporate Affairs ("MCA") notification dated 16 August 2019 through amendment in the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures. Accordingly, the Company has not created any amount of DRR and transferred the carrying amount of DRR created up to financial year 2018-19 to retained earnings in the financial year ended 31st March, 2020.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of the RB Act, 1934.

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, debenture redemption reserve, general reserve, dividend distributions paid to shareholders and transfer from debenture redemption reserve.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	(₹ Lacs)	
	For the Year ended 31st March 2021	For the Year ended 31st March 2020
23. INTEREST INCOME		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	16,133.07	15,521.70
Interest from:		
- Loans	212.06	383.43
- Bank deposits	31.66	21.19
- Investments	<u>221.17</u>	<u>232.40</u>
Total	16,597.96	16,158.72
There is no income on Financial Instruments measured at FVTOCI		
24. FEES AND COMMISSION		
- Service Charges	246.06	387.66
- Stamp and documentation charges	<u>67.17</u>	<u>102.23</u>
Total	313.23	489.89
25. SALE OF POWER FROM WINDMILLS		
Income from Wind mill -Sale of Electricity	<u>181.07</u>	<u>208.43</u>
Total	181.07	208.43
26. OTHER INCOME		
- Miscellaneous income	0.87	0.40
Total	<u>0.87</u>	<u>0.40</u>
27. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
Interest Expense on:		
- Deposits	1,610.12	1,640.61
- Borrowings	2,506.24	2,304.29
- Debt Securities	2,941.86	3,140.72
- Sub-Ordinated Liabilities	3,208.85	2,863.75
Loose Liability	29.18	38.41
Bank Charges	<u>119.69</u>	<u>121.62</u>
Total	10,415.94	10,109.40
Note : Other than financial liabilities measured at amortised cost, there are no other financial liabilities measured at FVTPL		
28. IMPAIRMENT ON FINANCIAL INSTRUMENTS		
(On Financial Instruments measured at amortised cost)		
Loans	641.18	545.14
Trade Receivables	(13.69)	11.21
Investments	3.46	2.80
Bad Debts	<u>166.76</u>	<u>170.29</u>
Total	787.71	729.44
There is no impairment on Financial Instruments measured at FVTDCI		
29. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	2,386.58	2,315.55
Contributions to Provident and Other Funds	93.61	98.62
Staff Welfare Expenses	84.44	137.59
Gratuity	33.09	45.09
Leave Encashment	<u>6.48</u>	<u>46.92</u>
Total	2,604.20	2,553.77

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Particulars	[₹ Lakhs]	
	For the Year ended 31st March 2021	For the Year ended 31st March 2020
30. DEPRECIATION AND AMORTIZATION		
Depreciation on Property plant and Equipment	245.17	238.91
Depreciation on Investment property	4.60	4.60
Amortization - Intangibles	27.63	77.26
Amortization - Right of use assets	144.30	144.84
Total	421.70	465.61
31. OTHER EXPENSES		
Rent	60.39	59.89
Rates, Taxes and Licences	155.12	179.28
Stamping on documents	12.91	27.06
Communication	43.80	73.94
Insurance	13.22	14.04
Travelling and Conveyance	232.50	195.12
Printing and Stationery	37.58	48.96
Power and Fuel	26.42	40.07
Advertisements	12.30	15.92
Auditor's Remuneration :		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	7.10
- Certification Fee	11.28	5.25
Reimbursement of Expenses	2.17	2.45
Legal and Professional Charges	248.49	203.91
Repairs and Maintenance on:		
- Buildings	62.25	78.52
- Machinery	84.81	52.19
- Information Technology	179.46	146.93
- Other Assets	22.64	34.70
Filing Fees	10.03	9.28
Directors' Sitting Fees	22.70	11.80
Corporate Social Responsibility Expenses (Refer Note 35)	37.58	12.19
Loss on Sale of Property, Plant and Equipment	0.22	1.50
Debenture Issue Expenses	117.02	-
Miscellaneous Expenses	38.70	72.76
Total	1,458.59	1,509.71
32. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debt:		
a) Income Tax issues	9.83	9.83
b) Service Tax Issues	1,328.29	1,328.29
<p>The Company had deposited with Service Tax department an amount of ₹ 48.63 lakhs against the demand relating to payment of Convat credit under Protest. The Company had filed a writ petition before the Hon'ble High Court of Madras. The Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeal before CESTAT, Chennai during the year.</p>		
<p>c) The pending litigations as at 31st March 2021 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.</p>		
33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Annual Maintenance Charges - Information Technology	85.79	83.43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars	For the Year ended 31st March 2021	For the Year ended 31st March 2020
34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	2019-20	2018-19
No. of non-resident share holders	2	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	44.50

35. EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2021:

- Amount required to be spent by the company during the year: ₹ 37.54 Lakhs (FY 2019-20 : ₹ 38.53 Lakhs)
- Amount spent during the year and (by way of contribution to the trusts and the projects undertaken)

Particulars	31.03.2021	31.03.2020
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	37.58	12.19
Total	37.58	12.19

Refer Note 47 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

Shortfall at the end of year: Nil (FY 2019-20: ₹ 26.34 Lakhs)

Reason for shortfall: - Not applicable

36. CAPITAL MANAGEMENT

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio workings are given below. The capital structure is also monitored on the basis of Capital Adequacy Ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Particulars	As at 31.03.2021	As at 31.03.2020
Tier - I Capital	15,702.21	15,377.08
Tier - II Capital	11,395.40	10,768.57
Total Capital	27,097.61	26,145.65
Aggregate of Risk Weighted Assets	1,20,332.70	1,19,197.86
Tier-I Capital adequacy ratio	13.05	12.88
Total Capital adequacy ratio	22.52	21.91

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

"Tier II Capital" includes the following:

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five per cent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth per cent of risk weighted assets;
- hybrid debt capital instruments; and
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital.

Aggregate of Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk, expressed as percentage weightings have been assigned to various on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk-adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

(R Lakhs)

PARTICULARS	As at 31st March 2021			As at 31st March 2020		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
ASSETS						
Financial Assets						
Cash and Cash Equivalents	1,364.11	-	1,364.11	1,312.79	-	1,112.79
Bank Balances other than Cash and Cash eq. Valents	375.79	-	375.79	269.59	-	469.39
Receivables						
(i) Trade Receivables	182.41	-	182.41	217.36	-	237.36
(ii) Other Receivables	3.52	-	3.52	8.69	-	8.69
Other Long Term Liabilities						
Long-Term Provisions						
Loans	48,784.87	66,368.86	1,09,353.73	52,423.41	54,016.77	1,07,046.18
Investments	206.52	2,467.74	2,660.28	-	2,659.80	2,659.80
Other Financial Assets	973.64	856.79	1,830.43	2,103.38	-	2,163.38
Non-Financial Assets						
Current tax Assets (net)	-	-	-	36.80	-	36.80
Deferred tax Assets (net)	-	-	-	-	-	-
Investment Property	-	279.81	279.81	-	264.41	284.41
Property, Plant and Equipment	-	61,22.20	6,122.29	-	6,316.65	6,316.65
Right of use assets	-	1,070.50	1,070.50	-	2,211.97	1,211.97
Intangible Assets Under Development	-	86.27	86.27	-	5.07	15.07
Other Intangible Assets	-	102.57	102.57	-	114.93	114.93
Other Non-Financial Assets	603.73	-	603.73	323.79	-	323.78
Total Assets	52,488.61	71,557.83	1,24,043.44	56,782.53	62,719.87	1,22,001.22

NOTES TO THE ACCOUNTS (Contd....)

PARTICULARS	As at 31st March 2021		As at 31st March 2020		Total	Less than 12 months	More than 12 months	Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months				
LIABILITIES AND EQUITY								
Liabilities								
Financial Liabilities								
Payables								
(i) Trade Payables	3.26	-	3.26	-	3.26	3.26	-	6.87
(ii) Total outstanding dues of micro enterprises and small enterprises	140.62	-	140.62	-	140.62	140.62	-	160.76
(iii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
(iv) Other Payables	-	-	-	-	-	-	-	-
(i) Total outstanding dues of micro enterprises and small enterprises	151.48	-	151.48	-	151.48	151.48	-	101.99
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Debt Securities	2,229.05	2,170.64	28,929.69	24,333.33	27,157.99	27,157.99	24,333.33	33,451.32
Borrowings (Other than debt securities)	1,197.75	3,067.91	23,059.16	27,088.72	27,088.72	27,088.72	27,088.72	21,218.20
Deposits	8,793.54	8,385.87	17,086.35	8,055.07	8,055.07	8,055.07	8,055.07	19,046.38
Subordinated Liabilities	324.61	33,005.04	33,529.65	967.45	967.45	967.45	28,248.68	29,216.23
Other Financial Liabilities	1,267.35	604.82	5,672.37	1,388.74	1,388.74	1,388.74	331.97	1,720.71
Non-Financial Liabilities								
Current tax liabilities (net)	47.29	-	47.29	-	47.29	47.29	-	-
Provisions	69.07	45.02	118.09	72.71	72.71	72.71	49.07	121.73
Deferred tax liabilities (net)	-	39.48	39.48	-	-	-	25.77	215.71
Other Non-Financial Liabilities	68.47	-	60.47	-	60.47	60.47	-	91.89
Equity								
Equity Share Capital	-	6,470.39	6,470.39	-	6,470.39	6,470.39	6,470.39	6,470.39
Other Equity	56,173.19	12,776.94	12,726.94	12,776.94	12,726.94	12,726.94	12,172.07	12,176.94
Total Liabilities and Equity	56,173.19	62,670.25	1,24,043.44	26,634.14	26,634.14	26,634.14	75,577.08	1,22,001.22

₹ Lakhs

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

38. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities

(₹ Lacs)

Particulars	31st March 2020	Cash Flows	Others	31st March 2021
Debt Securities	51,455.57	(2,584.97)	61.34	28,929.69
Deposits	19,046.58	(2,036.10)	76.07	17,086.55
Borrowings Other than Debt securities	21,218.20	1,729.81	111.15	23,059.16
Sub-Ordinated Liabilities	29,216.14	3,056.08	1,257.44	33,529.66
Lease Liability	443.17	(152.62)	41.06	331.61
Total	1,01,377.20	12.20	1,547.06	1,02,936.46

39. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX

a. Explanation of Relationship between Tax Expense and Accounting Profit

Sl No	Particulars	FY 2020-21	FY 2019-20
1	Profit before Tax	1,257.44	1,402.03
2	Applicable Income Tax Rate	25.17%	25.17%
3	Expected Income Tax Expense	316.48	352.61
4	Tax effect of adjustments to reconcile expected income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	471.85	380.17
	Effect of expenses / provisions deductible in determining taxable profit	(480.90)	(440.69)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	24.22	-
	Tax Effect of Adjustments	0.00	(60.52)
5	Tax Expense/(Income)	331.65	281.09

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 31st March 2020	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2021
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	663.42	(129.92)	-	793.33
2	Employee benefit expenses	30.64	0.37	0.55	29.72
3	Right of Use Assets and Lease Liabilities	6.27	(1.08)	-	7.35
4	Application of EIR On Financial Liabilities	(90.21)	(3.02)	-	(96.20)
5	Differences in carrying amount of Property, Plant and Equipment	(816.81)	(43.13)	-	(773.68)
	Deferred Tax Asset / (Liabilities)	(215.71)	(176.78)	0.55	(39.48)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

c. Tax Items in Statement of Profit and Loss

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
1	Current Tax Expense/(Income)	508.42	449.61
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	[176.77]	[166.52]
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	331.65	283.09

d. Tax Items recognised in Other Comprehensive Income

Sl No	Particulars	31st March 2021	31st March 2020
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	0.55	5.98
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	0.55	5.98

e. There is no tax expense charged directly to other equity.

f. Tax U/s 115BAA of Income Tax Act

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019 - 20.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

40. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on the basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of variability of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of short service employees will be less compared to long service employees.

4. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption, then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

5. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
1	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the period	197.87	257.25
	(i) Current service cost	21.70	20.79
	(ii) Post Service Cost	-	-
	(iii) Interest cost	11.53	12.19
	(iv) Re-measurement Loss/(gain) due to:	-	-
	(i) Changes in financial assumptions	(2.01)	10.56
	(ii) Changes in demographic assumptions	(0.13)	(0.40)
	(iii) Experience on defined benefit obligation	(6.89)	(1.33)
	(v) Benefits paid	(23.20)	(101.19)
	Defined benefit obligation as at the end of the period	198.87	197.87

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
II	Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the period	169.16	218.97
	(i) Benefits Paid	(23.20)	(101.19)
	(ii) Employer Contribution	28.02	9.52
	(iii) Expected Interest Income on Plan Assets	10.62	10.71
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	(6.84)	31.65
	Fair Value of Plan Assets as at the end of the period	177.76	169.16
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	21.11	28.71
III	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	21.70	20.79
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.53	12.29
	(iv) Expected Interest Income on Plan Assets	(10.62)	(10.21)
	Net Cost recognized in the Statement of Profit and Loss	22.61	22.77
IV	Re-measurement (loss)/gain due to :		
	(a) Changes in financial assumptions	(2.01)	(10.56)
	(b) Changes in demographic assumptions	(0.13)	0.40
	(c) Experience on defined benefit obligation	(6.89)	1.35
	Actuarial (Loss)/Gain from Return on plan assets	6.84	31.65
	Net cost recognized in Other Comprehensive Income	(2.19)	22.82
V	Significant Actuarial Assumptions		
	(i) Discount Rate	6%	6%
	(ii) Expected Return on Plan Assets	6%	6%
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	22%
VI	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.48%)	(6.30%)
	- 100 Basis Rate	3.81%	6.91%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.66%	6.67%
	- 100 Basis Rate	(3.40%)	(6.27%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.00%	(0.11%)
	- 100 Basis Rate	(0.02%)	0.09%

b. Other Long Term Benefits - Leave Encashment

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks, that affect the liabilities and cash flows.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary Inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate particularly the cost of retirement benefit of a short service employees will be less compared to long service employees.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	As at 31st March 2020
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the period	49.02	45.45
	(i) Current service cost	8.91	8.35
	(ii) Interest cost	2.83	2.94
	(iii) Re-measurement loss/(gain) due to:	-	-
	(a) Changes in financial assumptions	0.01	2.75
	(b) Changes in demographic assumptions	(0.38)	
	(c) Experience on defined benefit obligation	(12.84)	23.88
	(v) Benefits paid	(6.20)	(33.35)
	Closing defined benefit obligation	41.35	49.02
II	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	8.91	8.35
	(ii) Interest cost	(10.38)	1.94
	Net Cost recognized in the Statement of Profit and Loss	(1.47)	10.29
III	Significant Actuarial Assumptions		
	(i) Discount Rate	6%	7%
	(ii) Expected Return on Plan Assets	-	-
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
IV	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.73%)	(1.95%)
	- 100 Basis Rate	4.10%	2.14%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.65%	1.91%
	- 100 Basis Rate	(3.31%)	(1.77%)
	(i) Discount Rate		
	+ 100 Basis Rate	(0.05%)	0.05%
	- 100 Basis Rate	(0.08%)	(0.07%)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

41. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT LLC. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Recreating Co. Pvt. Ltd. N Manalingam & Co Nachimuthu Industrial Association Ramonandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Ltd. The Co. Under and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam
B	Key Management Personnel	Dr M Manickam, Chairman Sri M. Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivasan, Director Dr A Selvakumar Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) Sri S Venkatesh, Company Secretary
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, wife of Sri M Balasubramaniam Smt Suryuktha Vanavarayar, daughter of Sri M Balasubramaniam Ms Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Mr Anrich Vishnu Balasubramaniam, son of Sri M Balasubramaniam Sri M Harihara Sudhan, son of Dr M Manickam Smt Bhavani Copal, wife of Sri P S Gopalakrishnan Smt Lalitha Ramakrishnan, wife of Sri K P Ramakrishnan Smt Anusha Bhansali, daughter of Smt Priya Bhansali

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	3.52	-	-	3.52	3.52
	Income from HP Operations					
	Sakthi Foundation	21.76	-	-	21.76	5.39
	Suddha Samarga Nilayam	3.19	-	-	3.19	4.53
	Interest Income					
	ABT Industries Ltd.	78.65	-	-	78.65	9.72
2	Expenses					
	Purchase of fuel					
	V.Mohalingam & Co	7.47	-	-	7.47	11.56
	Rent paid					
	M.Balasubramaniam	-	-	-	-	1.20
	Smt.Vinochini Balasubramaniam	-	-	2.40	2.40	1.20
	M. Srinivaasan	-	63.72	-	63.72	56.64
	ARC Recreating Company Pvt Ltd	2.01	-	-	2.01	1.94
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	153.53	-	-	153.53	225.70
	Printing charges					
	Nachimuthu Industrial Association	15.45	-	-	15.45	21.19
	Sakthi Sugars Ltd. (Om Sakthi)	3.60	-	-	3.60	2.72
	CSR Expenses					
	Ramanandhu Adigalar Foundation	0.40	-	-	0.40	-
	Deputation charges					
	Sakthifinance Financial Services Ltd.	-	-	-	-	50.43
	Remuneration					
	M.Balasubramaniam	-	41.40	-	41.40	49.79
	S.Veluswamy	-	29.47	-	29.47	33.66
	M.K.Vijayaraghavan	-	-	-	-	4.99
	S.Venkatesh	-	15.45	-	15.45	16.94
	Perquisites					
	M.Balasubramaniam	-	-	-	-	3.90
	S.Veluswamy	-	1.76	-	1.76	0.34
	Employee Benefits					
	M.Balasubramaniam	-	5.87	-	5.87	6.05
	S.Veluswamy	-	2.28	-	2.28	7.35
	S.Venkatesh	-	1.14	-	1.14	1.16

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	Commission * M.Balasubramaniam		56.73		56.73	49.41
	Sitting Fees Non Executive Directors					
	M.Manickam	-	1.90	-	1.90	1.20
	M.Srinivaasan	-	2.40	-	2.40	1.00
	Independent Directors					
	A Selvakumar		6.00	-	6.00	3.20
	P S Gopalakrishnan	-	3.30	-	3.30	1.60
	Priya Bhansali	-	4.10	-	4.10	2.00
	K P Ramakrishnan	-	5.00	-	5.00	2.80
	* Subject to the approval of shareholders at the ensuing Annual General Meeting					
3	Assets					
	Loans and advances given					
	S.Venkaatesh		15.00	-	15.00	
	Loans and advances repaid					
	ABT Industries Ltd	(499.00)	-		(499.00)	(400.00)
	S.Venkatesh		(0.83)		(0.83)	-
	Outstanding as at the year end					
	Loans and advances					
	Sakthi Foundation	121.18	-	-	121.18	119.39
	Suddha Sarmaaga Nilayam	18.96	-	-	18.96	25.07
	Sakthifinance Financial Services Ltd	29.26	-	-	29.26	-
	Sakthi Reality Holdings Ltd	0.01	-	-	0.01	0.49
	Sakthi Auto Motors Ltd	5.40	-	-	5.40	5.40
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	10.83	10.83
	ABT industries Ltd	-	-	-	-	5.40
	S.Venkatesh		14.17		14.17	-
4	Liabilities					
	Transactions during the year					
	Investment in NCDs:					
	ABT Finance Ltd	400.00	-	-	400.00	-
	Sakthifinance Financial Services Ltd.	700.00	-	-	700.00	-
	Outstanding as at the year end					
	Investment in NCDs:					
	ABT Finance Ltd	12.46	-	-	12.46	-
	Sakthifinance Financial Services Ltd.	4.75	-	-	4.75	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	Sri S Gopalakrishnan	-	10.00	-	10.00	-
	Smt Vinodhini Balasubramaniam	-	-	80.00	80.00	70.00
	Smt Sanyuktha Manavaraayar	-	-	75.00	75.00	75.00
	Ms. Shruithi Balasubramaniam	-	-	68.00	68.00	63.00
	Bhavani Gopal	-	-	-	-	50.00
	Smt Lalitha Ramakrishnan	-	-	30.00	30.00	24.00
	Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Smt Anusha Bhonsali	-	-	10.00	10.00	-
	Investment in Deposits:					
	Bhavani Gopal	-	-	-	-	20.00
	Amrith Vishnu Balasubramaniam	-	-	-	-	8.83
	M. Hariharasudhan	-	-	7.74	7.74	6.64
	Investment in SD Bonds:					
	Smt. Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Ms. Shruithi Balasubramaniam	-	-	10.00	10.00	10.00
	Liabilities for Expenses Payable:					
	ASTHU	3.79	-	-	3.79	3.79
	ABT Industries Ltd	7.97	-	-	7.97	-
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.16
	Kachimulthi Industrial Association	3.26	-	-	3.26	6.87
	K. Mahalingam and Co	0.98	-	-	0.98	-
	Sakti Sugars Ltd.	0.66	-	-	0.66	0.21
	M. Srinivasan	-	2.89	-	2.89	2.32

42. Disclosure pursuant to Ind AS 33 - Earnings Per Share

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

Particulars	For the year ended 31st March 2021	For the year ended 31st March 2020
a) Weighted average number of Equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	5,00,00,000
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares (nos)	6,47,05,882	5,07,63,420
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	939.37	1,112.40
Basic and diluted earnings per share (₹)	1.45	2.19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

43. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

Credit Risk

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well-defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process, supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers.

Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected Credit Loss ("ECL") Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

Expected Credit Loss ("ECL")

As a result of adoption of Ind AS, the company has followed Ind AS 109 for the calculation of expected credit loss. The measurement of ECL involves three main components, viz, Exposure at Default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Definition of Default

If the borrower is past due for more than 90 days on any material credit obligation to the Company or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

Probability of Default ("PD")

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macro-economic factors like GDP, Inflation rate etc.

Loss Given Default

The Loss Given Default is an estimate of the loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default

Exposure at Default (EAD) is defined as the sum of principal outstanding and interest accrued at the reporting date.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, wherever possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

Particulars	31st March 2021					31st March 2020				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance at the beginning of the year	88,735.09	16,319.59	4,983.03	1,10,037.71	73,498.26	11,996.70	4,851.47	90,346.43		
New business - net of recovery	49,386.44	1,458.82	-	50,845.26	35,339.50	6,577.34	122.41	62,039.25		
Transfer due to change in credit worthiness										
Stage 1	3,455.57	(3,414.03)	(41.52)	-	4,469.84	(2,468.08)	(117.76)	-		
Stage 2	(6,197.08)	6,303.02	(105.94)	-	(7,092.80)	7,128.88	(36.88)	-		
Stage 3	(1,203.51)	(1,007.37)	2,310.88	-	(848.81)	(970.33)	2,779.81	-		
Financial Assets that have been derecognised	(37,016.55)	(9,397.49)	(1,313.70)	(47,727.74)	(40,150.95)	(6,402.54)	(1,734.20)	(47,987.69)		
Write off during the year	(21.23)	(6.00)	(330.74)	(357.97)	(39.28)	(12.18)	(98.62)	(60.08)		
Balance at the end of the year	97,136.73	10,235.72	5,594.01	1,12,966.46	98,735.09	16,319.49	4,983.03	1,10,037.71		

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2021					31st March 2020				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Balance at the beginning of the year	97.12	322.72	2,571.69	2,991.53	149.23	259.59	2,086.19	2,495.01		
New business - net of recovery	36.00	35.59	-	71.59	57.69	20.73	29.60	76.02		
Transfer due to change in credit worthiness										
Stage 1	12.14	(11.90)	(0.24)	-	7.90	(4.62)	(0.16)	-		
Stage 2	(179.60)	183.19	(3.39)	-	(209.64)	110.36	(0.72)	-		
Stage 3	(247.36)	(237.62)	484.98	-	(712.80)	(746.81)	606.61	-		
Financial Assets that have been derecognised	413.16	7.18	269.03	679.39	287.70	54.87	(67.29)	315.79		
Write off during the year	(0.56)	(7.24)	(406.98)	(414.78)	(0.16)	(5.41)	(67.23)	(72.80)		
Balance at the end of the year	50.72	296.92	3,205.09	3,632.73	97.17	322.73	4,983.03	2,597.53		

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Geographical break-up of portfolio - Net Stock on Hire

(₹ Lakhs)

Particulars	FY 2021	FY 2020
Tamil Nadu & Puducherry	91,271	84,455
Kerala	15,579	18,176
Karnataka	2,787	3,084
Andhra	2,008	1,669
Total	1,12,645	1,08,364

Portfolio composition - Net Stock on Hire

Particulars	FY 2021	FY 2020
Commercial Vehicles	1,00,345	97,047
Cars & Jeeps	9,175	8,603
Construction Equipment	2,435	2,000
Machinery	689	629
Consumer Durables	3	65
Total	1,12,645	1,08,364

Liquidity Risk

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets.

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021 is furnished hereunder:

Particulars	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
Financial Liabilities							
Deposits	1,387.46	3,401.85	5,816.16	8,328.95	-	-	17,435.40
Borrowings	5,377.82	3,759.64	18,062.21	33,921.95	25,618.91	-	85,750.17
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	6,765.28	6,662.67	21,878.37	42,250.90	25,628.35	-	1,03,185.57
Financial Assets							
Cash and cash equivalents	714.34	-	-	-	-	-	714.34
Bank balances	937.29	-	101.20	-	-	-	1,038.39
Loans	12,837.84	12,406.18	23,540.95	54,996.22	5,098.34	474.30	1,09,353.73
Investments	-	-	200.54	1,073.17	673.44	781.13	2,668.28
Other financial assets	864.33	277.9	342.46	800.76	738.88	-	2,963.62
Total	15,353.70	12,623.37	24,185.05	56,870.15	6,450.66	1,255.43	1,16,738.36

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2020 is furnished hereunder :
(₹ Lakhs)

Particulars	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
Financial Liabilities							
Deposits	1,920.49	2,964.92	4,769.13	9,990.50	-	-	19,645.04
Borrowings	15,403.29	1,744.47	19,008.22	14,568.29	31,538.80	178.11	82,241.18
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	17,323.78	4,709.39	23,777.35	24,558.79	31,538.80	178.11	1,01,886.22
Financial Assets							
Cash and cash equivalents	38.58	-	-	-	-	-	38.58
Bank balances	2,404.42	-	240.18	-	-	-	1,543.60
Loans	4,140.05	14,421.83	73,867.52	48,670.07	5,681.93	64.78	1,07,046.18
Investments	-	-	-	577.87	2,056.25	76.73	2,659.80
Other financial assets	1,002.32	291.54	380.72	976.40	-	-	2,650.98
Total	16,484.37	14,713.37	24,488.42	50,369.29	7,740.18	143.51	1,13,939.14

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is of fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

Particulars	(₹ Lakhs)	
	As at 31st March 2021	As at 31st March 2020
Financial assets		
Fixed rate instruments		
Loans	1,12,986.46	1,10,037.71
Investments	2,577.61	2,581.07
Bank Balances	318.96	413.00
Variable rate instruments	-	-
Total	1,15,883.03	1,13,031.78
Financial Liabilities		
Fixed rate instruments		
Debt securities	29,112.04	21,554.05
Borrowings (other than debt securities)	8,494.11	6,678.19
Deposits	17,435.40	19,645.04
Sub-Ordinated liabilities	31,736.72	27,838.82
Preference Shares	1,842.25	1,630.10
Variable rate instruments		
Bank Borrowings	14,565.05	14,540.01
Total	1,03,185.57	1,01,886.21

As the fixed rate instruments are carried at a amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	As at 31st March 2021		As at 31st March 2020	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- Carrying amount	+83	(83)	+87	(82)

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

44. Disclosure pursuant to Ind AS "108" - Operating Segments

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside India and hence there is no external revenue or assets which require disclosure.

45. Disclosure pursuant to Ind AS "113"

1. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value Hierarchy	As at 31st March 2021	As at 31st March 2020
Investment in Equity Instruments	Level 1	52.30	40.36

2. Financial assets and financial liabilities measured at amortised cost as at 31st March 2021

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and Cash Equivalents	1,364.11	1,364.11	-	-
Bank Balances other than Cash and Cash Equivalents	475.79	375.79	-	-
Trade Receivables	185.93	-	235.09	-
Loans	1,09,353.73	-	-	1,09,353.73
Investments	2,615.98	2,776.55	38.37	-
Other Financial Assets	1,830.43	-	-	1,830.43
Financial Liabilities				
Payables				
(I) Trade Payables	143.88	-	143.88	-
(II) Other Payables	151.48	-	151.48	-
Debt Securities	28,929.60	17,157.22	11,772.47	-
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-
Deposits	17,086.35	-	-	17,086.35
Sub-Ordinated Liabilities	33,529.65	-	33,529.65	-
Other Financial Liabilities	1,672.57	-	1,672.57	-

3. Financial assets and financial liabilities measured at amortised cost as at 31st March 2020

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Assets				
Cash and Cash Equivalents	1,112.79	1,112.79	-	-
Bank Balances other than Cash and Cash Equivalents	469.39	469.39	-	-
Trade Receivables	246.05	-	318.91	-
Loans	1,07,046.18	-	-	1,07,046.18
Investments	2,619.24	2,741.96	38.37	-
Other Financial Assets	2,163.38	-	-	2,163.38

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value		
		Level 1	Level 2	Level 3
Financial Liabilities				
Payables				
(I) Trade Payables	167.63	-	167.63	-
(II) Other Payables	101.99	-	101.99	-
Debt Securities	51,453.52	20,926.77	10,526.55	-
Borrowings (Other than debt securities)	21,218.20	21,218.20	-	-
Deposits	19,046.38	-	-	19,046.38
Sub-Ordinanced Liabilities	29,216.13	-	29,216.13	-
Other Financial Liabilities	1,720.71	-	1,720.71	-

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximate their carrying amount largely due to short term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

46. Disclosure Pursuant to Ind AS "116" Leases

In cases of leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

Particulars	31st March 2021	31st March 2020
(a) Depreciation charge for Right-of-Use Assets	144.30	142.84
(b) interest expense on Lease Liabilities	29.18	38.41
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	60.39	59.89
(e) Total cash outflow for leases	215.75	206.64
(f) Additions to right-of-use assets	-	53.19
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,070.50	1,211.97

Maturity Analysis

	31st March 2021	31st March 2020
Less than 1 year	127.27	151.88
1-3 years	159.03	219.74
3-5 years	81.17	120.23
More than 5 years	51.53	82.26
Total future undiscounted cash outflow on lease liability	419.00	574.12

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

47. Disclosures under RBI Directions

47.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically Important Non-Deposit taking Company and Deposits-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2021	
		Amount outstanding	Amount Overdue #
(1)	Liabilities Side: Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:		
	(a) Depositories : Secured	29,117.04	182.35
	: Unsecured (Other than falling within the meaning of Public Deposit)	-	-
	(b) Date Rec Credits	-	-
	(c) Term Loans	9,568.51	-
	(d) Inter-Corporate loans and borrowing	2,925.80	-
	(e) Commercial paper	-	-
	(f) Public Deposits	17,435.40	349.05
	(g) Subordinated Debts	34,736.72	49.32
	(h) Other Loans - Cash Credits	14,565.05	-
(2)	Break-up of (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):		
	(a) in the form of Unsecured Deposits	6,510.56	-
	(b) in the form of Fully secured Deposits i.e. deposits where there is a shortfall in the value of security	-	-
	(c) Other Public Deposits	17,435.40	349.05
	(d) Subordinated Debts # Represents unclaimed deposits and interest accrued thereon	25,216.16	49.32
(3)	Assets Side: Break-up of Loans and Advances (including bills receivables) (Other than those included in (4) below):		Amount outstanding
	(a) Secured		-
	(b) Unsecured		341.44
(4)	Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:		
	(1) Lease Assets including lease rentals under Sundry Debtors		
	(a) Financial Lease		-
	(b) Operational Lease		-
	(2) Assets on Hire including Hire charges under Sundry Debtors		
	(a) Stock on Hire		1,12,451.69
	(b) Impressed Assets		208.33
	(3) Other Loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

As at 31st March 2021

(5)	Break-up of Investments: Current Investments: 1. Quoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others 2. Unquoted (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others Long Term Investments: 1. Current (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others 2. Unquoted: (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of Mutual Funds (iv) Government Securities (v) Others	51.30 1,577.61 38.37		
(6)	Borrower group-wise classification of assets financed as in 3 and 4 above			
		31st March 2021 (Amount net of provisions)		
	Category	Secured	Unsecured	Total
	1. Related parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	140.34	94.17	234.51
	2. Other than related parties	1,08,872.15	327.27	1,09,199.42
	Total	1,09,012.29	341.44	1,09,353.73

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

(7)	Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)	Category	Market value / Break up or Fair value or NAV	Book value (Not of provisions)
			31st March 2021	31st March 2021
	1. Related parties			
	(a) Subsidiaries			
	(b) Companies in the same group	87.66	87.63	
	(c) Other related parties	-	-	
	2. Other than related parties	2,580.00	2,580.66	
		Total	2,655.66	2,668.29
(8)	Other information			Amount
	Particulars			
	(i) Gross Non Performing Assets			5,594.01
	(a) Related parties			-
	(b) Other than Related parties			5,594.01
	(ii) Net Non Performing Assets			-
	(a) Related parties			-
	(b) Other than Related parties			2,522.83
	(iii) Assets secured in satisfaction of debt			-

47.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit-taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016

Sl No	Particulars	31st March 2021	31st March 2020
1	Capital to Risk (Weighted) Assets Ratio		
	CRAR (%)	22.52	21.91
	CRAR - Tier I Capital (%)	13.05	12.88
	CRAR - Tier II Capital (%)	9.47	9.03
	Amount of Sub-Ordinated debt considered as Tier-II capital	16,202.20	14,496.80
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	Investments		
	Value of Investments		
	Gross Value of Investments		
	In India	2,668.34	2,659.56
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	2,668.28	2,659.80
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add: Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

3	Derivatives									
	Forward Rate Agreement / Interest Rate Swap									
	Exchange Traded Interest Rate (IR) Derivatives									
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:									
	The Company has no derivatives transactions									
4	Disclosures relating to Securitisation									
	SPV and Minimum Retention Requirements									
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction									
	Details of Assignment transactions undertaken by NBFCs									
	Details of non performing financial assets purchased / sold									
	Details of non performing financial assets purchased									
	Details of Non-performing Financial Assets sold									
5	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2021									
Sl No	Particulars	Up to 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	634.78	473.57	279.66	3,902.85	3,816.15	8,325.93	-	-	17,435.40
(ii)	Advances	4,243.23	4,341.99	4,273.17	17,404.18	72,540.65	54,995.22	1,098.34	177.30	109,353.73
(iii)	Investments	-	-	-	-	200.54	1,072.17	513.44	761.15	2,668.26
(iv)	Borrowings	1,462.60	2,937.57	976.83	2,159.04	12,050.71	53,921.93	23,528.31	-	85,750.27
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-
	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2020									
Sl No	Particulars	Up to 30/31 days	Over 1 Month upto 2 Months	Over 2 Months upto 3 Months	Over 3 Months upto 6 Months	Over 6 Months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
(i)	Deposits	926.73	561.87	437.84	2,964.34	4,765.13	9,990.53	-	-	19,645.04
(ii)	Advances	1,596.17	4,844.33	4,690.55	14,421.82	73,867.52	46,870.67	5,601.33	54.76	1,07,046.18
(iii)	Investments	-	-	-	-	-	522.87	1,058.25	78.73	2,659.60
(iv)	Borrowings	1,337.32	14,711.98	523.96	1,744.47	19,000.11	14,368.79	21,538.33	1,78.11	82,241.15
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lacs)

Sl No	Particulars	31st March 2021	31st March 2020															
6	Exposures																	
(i)	Exposure to Real Estate Sector	-	-															
(ii)	Exposure to Capital Market																	
a	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	90.73	78.79															
b	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	-	-															
c	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	-	-															
d	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	-	-															
e	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers.	-	-															
f	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.	-	-															
g	Bridge loans to companies against expected equity flows / issues	-	-															
h	All exposures to Venture Capital Funds (both registered and unregistered)	-	-															
	Total Exposure to Capital Market	90.73	78.79															
(iii)	Details of financing of parent company products	Nil	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
(v)	Unsecured Advances	341.44	1,674.20															
7	Miscellaneous																	
(i)	Registration obtained from other financial sector regulators	NA	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	-	-															
(iii)	Related Party Transactions Ref. Note 41																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A1</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) MA-Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A1		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) MA-Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A1																
(v)	Migration of ratings during the year : Nil.																	
	Remuneration of Directors																	
	Ref. Page No. 29 of Corporate Governance Report 2021.																	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

(₹ Lakhs)

Sl No	Particulars	31st March 2021	31st March 2020
(vi)	Management Ref: Management and Discussion and Analysis Report on Page No. 22		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
B	Other Disclosures		
(i)	Provisions and Contingencies Break up of Provisions and Contingencies shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	3.46	2.80
b	Provision towards NPA	641.18	545.14
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	331.65	285.09
e	Other Provisions and Contingencies (with details)	(23.69)	11.21
(ii)	Draw down from reserves		-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits: Total Deposits of twenty largest depositors	553.10	526.56
	Percentage of Deposits of twenty largest depositors to Total Deposits	3.38%	3.17%
b	Concentration of Advances: Total Advances to twenty largest borrowers	1613.13	1,649.78
	Percentage of Advances to twenty largest borrowers to Total Advances	1.43%	1.13%
c	Concentration of Exposures: Total Exposure to twenty largest borrowers / customers	1052.09	1,147.62
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFL to borrowers / customers	0.93%	1.06%
d	Concentration of NPAs: Total Exposure to top four NPA accounts	72.28	50.94
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	3.64%	4.50%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers – Textiles	-	-
(iv)	Services – Others	0.92%	3.81%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans – Transport	6.40%	4.85%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

		(₹ Lakhs)	
Sl No	Particulars	31st March 2021	31st March 2020
7	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.30%	2.31%
(ii)	Movement of NPAs (Gross)		
	Opening balance	4,983.03	4,803.09
	Additions during the year	2,508.70	2,295.14
	Reductions during the year	1,897.72	2,115.20
	Closing balance	5,594.01	4,983.03
(iii)	Movement of Net NPAs		
	Opening balance	2,439.42	2,156.85
	Additions during the year	1,682.19	1,384.42
	Reductions during the year	1,598.78	1,681.88
	Closing balance	2,522.83	2,439.42
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	2,543.61	2,066.21
	Provisions made during the year	826.51	910.72
	Write-off / write-back of excess provisions	298.94	433.32
	Closing balance	3,071.18	2,543.61
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	DII-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	Disclosure of Complaints		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	-	1
c	No. of complaints redressed during the year	-	1
d	No. of complaints pending at the end of the year	-	-

47.3 Disclosures as required under guidelines on liquidity risk management framework for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk:

i. Funding concentration based on significant counterparty (both deposits and Borrowings) as at 31st March 2021

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ Lakhs)	% of total deposits	% of total liabilities
1	Borrowings	6	20,600.00	126.01	19.65

ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ Lakhs)	% of total deposits
-	Total for Top 20 Large Deposits	553.10	3.38%

iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

Sl No	Descriptions	Amount (₹ Lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings	23,041.00	23.47%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

iv. Funding concentration based on significant instrument / products

(₹ Lakhs)

Sl No	Name of the Instrument / Products	Amount (₹ Lakhs)	% of total Liabilities
1	Sub Ordinate Debts*	34,736.72	30.27%
2	Fixed Deposits	17,435.40	16.63%
3	Non-Convertible Debentures - Public Issue	17,157.21	16.37%
4	Non-Convertible Debentures - Private placement	11,957.83	11.40%
5	Preference Shares	1,842.25	1.76%
	Total	80,126.41	76.43%

* Includes Non-Convertible Debentures - Public Issue, Unsecured

v. Stock Ratios:

a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount (₹ Lakhs)	% of total deposits
1	Commercial Paper Outstanding	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Public Assets	-	-

b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount
1	Non-Convertible Debentures (on maturities of less than 1 year)	-
2	% to Total Public Funds	-
3	% to Total Liabilities	-
4	% to Total Assets	-

c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	Amount
1	Other Short term Liabilities	14,565.05
2	% to Total Public Funds	-
3	% to Total Liabilities	13.86%
4	% to Total Assets	11.74%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary. Moreover, the Board of Directors have also constituted an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required. The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Definition of terms as used in the table above:

a) Significant counter party:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product or group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Public funds:

"Public funds" includes funds raised either directly or indirectly through public deposits, inter-corporate deposits, bank finance and all funds received from outside sources such as funds raised by issue of commercial papers, debentures etc. but excludes funds raised by issue of instruments compulsorily convertible into equity shares within a period not exceeding 5 years from the date of issue. It includes total borrowings outstanding under all types of instruments/products.

e) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months

Disclosure on Liquidity Coverage Ratio ("LCR")

As part of the Liquidity Risk Management Framework for NBFCs, RBI has mandated maintenance of Liquidity Coverage Ratio ("LCR") effective 1st December, 2020. The Company is required to maintain adequate unencumbered High Quality Liquid Asset ("HQLA") to meet its liquidity needs for a 30 calendar-day time horizon under a significantly severe liquidity stress scenario. The objective of the LCR is to promote the short-term resilience of the liquidity risk profile. The LCR requirement is binding on the Company from December 1, 2020 with the minimum HQLAs to be held being 50% of the LCR, progressively reaching up to the required level of 100% by December 1, 2024.

The LCR is calculated by dividing the company's stock of HQLA by its total net cash outflows over a 30-day stress period. High Quality Liquid Assets ("HQLA") means liquid assets that can be readily sold or immediately converted into cash at little or no loss of value or used as collateral to obtain funds in a range of stress scenarios.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 47 (3)

NOTES TO THE ACCOUNTS (Contd.....)

Sl. No.	Particulars	Apr - Jun 2020		Jul - Sep 2020		Oct - Dec 2020		Jan - Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
High Quality Liquid Assets									
1	Total High Quality Liquid Assets (HQLA)	-	5,054.71	-	5,133.61	-	5,009.53	-	5,354.38
Cash Outflows:									
2	Deposits (for deposit taking companies)	905.48	1,041.32	1,537.67	1,768.32	2,607.82	1,849.02	1,153.22	1,326.09
3	Unsettled wholesale funding	176.22	202.64	110.36	126.92	52.49	60.58	46.53	53.51
4	Secured funding	4,287.06	4,950.05	764.66	879.36	2,023.22	1,176.70	900.10	1,035.12
5	Additional requirements, of which	-	-	-	-	-	-	-	-
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	1,315.91	2,088.30	2,117.64	1,825.27	653.05	752.01	687.14	710.21
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	7,184.60	8,762.30	5,710.52	4,209.06	3,336.60	3,837.09	2,786.89	3,204.93
Cash Inflows:									
9	Secured Lending	-	-	-	-	-	-	-	-
10	Inflows from fully performing exposures	5,067.17	3,800.38	5,299.68	3,874.78	4,814.06	3,600.54	5,053.71	3,789.91
11	Other cash inflows	-	-	-	-	-	-	-	-
12	TOTAL CASH INFLOWS	5,067.17	3,800.38	5,299.68	3,874.78	4,814.06	3,610.54	5,053.71	3,789.91
13	TOTAL HQLA	-	3,354.71	-	3,133.61	-	3,009.53	-	3,354.38
14	TOTAL NET CASH OUTFLOWS	-	4,461.93	-	3,072.47	-	999.27	-	801.23
15	LIQUIDITY COVERAGE RATIO (%)	-	75.19%	-	292.19%	-	323.73%	-	418.65%
Components of HQLA									
	- Cash on Hand	-	54.72	-	378.03	-	327.25	-	426.82
	- Securities with Janlis	-	1,245.59	-	701.18	-	621.96	-	883.27
	- Government Securities	-	2,054.40	-	2,054.40	-	2,054.40	-	2,054.40
	- Commercial Paper	-	-	-	-	-	-	-	-
	TOTAL	-	3,354.71	-	3,133.61	-	3,009.53	-	3,354.38

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

47.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the a) Resolution Framework for COVID-19-related Stress, disclosure as follows: (₹ Lakhs)

Type of Borrowers	Number of accounts where resolution plan has been implemented under this window	Exposure to such accounts before implementation of the plan (Amount in Lakhs)	Aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any including between invocation of the plan and implementation	Increase in provision on account of implementation of resolution plan (Amount in Lakhs)
Personal Loans	145	832.30	-	-	83.23
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	145	832.30	-	-	83.23

47.5 Disclosures as per RBI notification no. DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020 - COVID-19 Regulatory Package - Asset Classification and Provisioning

The details of loans, outstanding as on 31st March 2021 where moratorium benefit was extended: (₹ Lakhs)

(i)	Amount due in respect of overdue accounts, where moratorium was extended (as of February 29, 2020)	47,315.25
(ii)	Amount due on contracts where asset classification benefit was exercised as on 31st March 2021, out of NPA	Nil
(iii)	Provisions held against (ii) above	Nil
(iv)	Provisions adjusted against NPA provisions*	Nil

* As the company maintains adequate ECL provisions, the Covid-19 Reserve created as on 31st March 2020 to the extent of ₹ 23.92 Lakhs, has been reversed and transferred to retained earnings.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

47.6 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC),CC.PD.No.109/21.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109 for the year ended 31 March 2021

(₹ Lakhs)

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)
Performing Assets Standard	Stage 1	97,136.73	230.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	206.92	9,958.80	41.02	255.90
Sub-Total		1,07,392.45	437.65	1,06,954.80	429.57	(1.92)
Non Performing Assets (NPA)						
Substandard	Stage 3	2,784.48	556.70	1,927.78	335.43	771.27
Doubtful - up to 1 year	Stage 3	757.47	409.07	247.90	335.75	83.91
1 to 3 years	Stage 3	85.62	14.06	68.58	22.17	(3.11)
More than 3 years	Stage 3	14.59	6.75	40.54	15.17	(2.41)
Sub-total for doubtful assets		896.78	495.48	401.50	473.10	72.38
Loss	Stage 3	2,312.65	2,152.30	159.75	2,312.65	(159.75)
Sub-Total for NPA		5,594.01	3,205.08	2,388.93	3,071.18	133.90
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms						
Sub-Total						
Total	Stage 1	97,136.73	230.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	206.92	9,958.80	41.02	255.90
	Stage 3	5,594.01	3,205.08	2,388.93	3,071.18	133.90
	Total	1,12,986.46	3,632.73	1,09,353.73	3,500.75	131.98

47.7 Disclosure as per RBI Notification RBI/2020-21/61 DOR.No.BP.BC.26/21.04.048/2020-21 - Scheme for grant of ex-gratia Payment

The Government of India, Ministry of Finance, vide its notification dt. 23rd October, 2020 had announced COVID-19 Relief Scheme, for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts, as per the eligibility criteria and other aspects specified therein and irrespective of whether RBI moratorium was availed or not. The ex-gratia amount of ₹ 237.75 Lakhs, had been credited to eligible borrowers. We lodged claim with State Bank of India on 15th December 2020 and received the claim on 31st March 2021.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021



47.8 Disclosures as per RBI notification no. DOR.STR.REC.4/21.04.048/2021-22 - Interest on Interest during the moratorium period:

In accordance with the RBI's instruction in their circular dated, April 7, 2021 all lending institutions shall refund/adjust the interest on interest charged to all the borrowers, during the moratorium period. In pursuance of the above instruction, the Indian Banks Association (IBA) through advisory dated April 19, 2021, prescribed the methodology of calculation of interest on interest. Accordingly, the company has estimated the amount and reversed the income account during the financial year 2020-21.

48. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate and make the disclosures from subsequent year.
49. There have been no events after the reporting date that require disclosure in these financial statements.
50. During the financial year 2020-21, no fraud was detected.
51. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached
For A.K.Nagorajan & Co.
Chartered Accountants
Firm Regn. No.: 0166765


S.P. MUTHUSAMI
Partner
Membership No. 274177
Place : Coimbatore
Date : 30th June 2021


M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN: 00577053

S. VENKATESH
Company Secretary
FCS 7022

For and on behalf of the Board


M. MANICKAM
Chairman
DIN: 00102233

S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN: 04124999

ANNEXURE G : INPRINCIPAL APPROVAL LETTER FROM BSE LIMITED

ANNEXURE H : DUE DILIGENCE – ANNEXURE B OF DEBENTURE TRUSTEE

Will be attached in the relevant Key Information Document for the relevant issuance of Debentures