Sakthi Finance
Since 1955

SFL:AR2021:098:2021-22 8th September 2021

BSE Limited
(Scrip Code : 511066)
25 Floor, P J Towers
Dalal Street
Fort
Mumbai – 400 001

Through : Listing Centre

Dear Sir / Madam,

Annual Report for the financial year ended 31st March 2021 and Annual General Meeting updates

1. We request you to refer our letter no. SFL:BM4:091:2021-22 dated 3rd September 2021 regarding the convening of the 64th Annual General Meeting (**"AGM"**) of the Company on **Thursday, 30 September 2021 at 4.00 p.m ("IST") through Video Conferencing ("VC") / Other Audio Visual Means ("OVAM")**, in compliance with the various General Circulars issued by the Ministry of Corporate Affairs, the applicable provisions of the Companies Act 2013 (**"the Act"**) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (**"Listing Regulations"**).

2. We now submit an electronic copy of the Annual Report 2021 of the Company consisting of Notice convening the 64th AGM, Audited Financial Statements, Board's Report and Independent Auditors' Report for the financial year ended 31st March 2021.

3. The electronic copies of the Annual Report 2021 and the AGM Notice were circulated today, i.e. 8th September 2021, to all the members holding shares in dematerialized form, whose e-mail addresses are available with their Depository Participants (**"DP"**) as well as to the members holding shares in physical form, whose e-mail addresses are registered with the Company / Registrar and Share Transfer Agents of the Company for communication purposes. The documents have been uploaded on the website of the Company at **www.sakthifinance.com** and this submission will enable the Annual Report 2021 to be available on the website of the stock exchange for access by any member. In view of the exemptions provided, no physical or hard copies of the AGM Notice and the Annual Report 2021 are being sent to the shareholders.

4. Members of the Company who have not registered their e-mail addresses with the Company were informed by a public notice in newspapers dated 4th September 2021 about the process for registration of their e-mail addresses to receive the Annual Report 2021, AGM Notice and the log-in credentials for participating in the AGM through VC facility. Detailed instructions for voting electronically and attending the meeting through VC is available in the AGM Notice.

SAKTHI FINANCE LTD CBE-18

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5. As per Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules 2014 as amended from time to time and the provisions of Regulation 44 of Listing Regulations, members have been provided with the facility to cast their votes electronically through the e-voting services provided by Central Depository Services (India) Limited (**"CDSL"**) on all Resolutions set out in the Notice. The facility for voting will also be made available during the AGM and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote during the AGM through CDSL's remote e-voting.

6. In line with SEBI Circular No SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 2020, members (individuals holding shares in demat mode) can avail remote e-voting facility, by using a single log-in credential on the websites of Depositories / Depository Participants (**"DPs"**). The process and manner of remote e-voting pursuance of the SEBI Circular is set out in the AGM Notice.

7. The remote e-voting period commences on **Monday, 27 September 2021 (9.00 a.m. IST)** and concludes on **Wednesday, 29 September 2021 (5.00 p.m. IST)**. During this period, members of the Company, holding shares either in physical form or in dematerialized form as on the cut-off date, **i.e. 23 September 2021** may cast their votes electronically. The voting rights of the Members shall be in proportion to their shareholding in the Company as on the cut-off date, **Thursday, 23 September 2021**. The AGM Notice includes the detailed procedure for remote e-voting and voting through CDSL.

8. Members are being provided with a facility to attend the AGM through VC platform provided by the CDSL. Members who do not have the credentials for e-voting or have forgotten the Password can retrieve it by following the remote e-voting instructions contained in the AGM Notice.

9. For any further information or clarification, members can write to **investors@sakthifinance.com**.

For Sakthi Finance Limited

SAKTHI FINANCE LTD CBE-18

S Venkatesh
Company Secretary and
Chief Compliance Officer
FCS 7012

Enc: (1)

64th Annual Report

Financial Year

2020-21

Sakthi Finance

Since 1955

Find Purpose. Sakthi will follow.

Sakthi Finance
Since 1955

Sakthi Finance
Since 1955

BOARD OF DIRECTORS

Dr. M. Manickam *Chairman*
Sri. M. Balasubramaniam
Vice Chairman and Managing Director
Sri. M. Srinivaasan
Dr. A. Selvakumar
Sri. P.S. Gopalakrishnan
Smt. Priya Bhansali
Sri. K.P. Ramakrishnan
Dr. S Veluswamy *Director (Finance & Operations and CFO)*

CHIEF FINANCIAL OFFICER

Sri. Srinivasan Anand *(w.e.f. 3rd September 2021)*

COMPANY SECRETARY AND CHIEF COMPLIANCE OFFICER

Sri. S. Venkatesh

REGISTERED OFFICE

SAKTHI FINANCE LIMITED

CIN : L65910TZ1955PLC000145
62, Dr. Nanjappa Road
Coimbatore - 641 018
Phone : (0422) 2231471 - 74, 4236200
E-mail : sakthif_info@sakthifinance.com
investors@sakthifinance.com
Website : www.sakthifinance.com

REGISTRAR AND SHARE TRANSFER AGENTS

SKDC CONSULTANTS LIMITED

"Surya", 33, May Flower Avenue
Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028
Phone : (0422) 4958995, 2539835-836
Fax : (0422) 2539837
E-mail : info@skdc-consultants.com
Website : www.skdc-consultants.com

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited
"GDA House", First Floor
Plot No. 85, Bhusari Colony (Right)
Paud Road, Pune - 411 038
Phone : (020) 66807200
Fax : (020) 25280275
E-mail : dt@ctltrustee.com
Website : www.catalysttrustee.com

BANKERS

State Bank of India
Central Bank of India
The Lakshmi Vilas Bank Ltd
(now part of DBS Bank India Ltd)
Indian Overseas Bank
The Karnataka Bank Ltd
Bank of India
Canara Bank
IndusInd Bank Ltd

STATUTORY AUDITORS

M/s. P.K. Nagarajan & Co
Chartered Accountants
Coimbatore

INTERNAL AUDITOR

Sri B. Muralidharan FCA
Chartered Accountant
Coimbatore

SECRETARIAL AUDITORS

M/s. S. Krishnamurthy & Co
Company Secretaries
Chennai / Coimbatore

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NOTICE TO MEMBERS

NOTICE is hereby given that the Sixty Fourth (64th) Annual General Meeting (**"AGM"**) of the members of the Company will be held on **Thursday, 30th September 2021** at **4.00 p.m** (**"IST"**) through Video Conference (**"VC"**) / Other Audio Visual Means (**"OAVM"**) to transact the following businesses.

You are requested to make it convenient to attend the meeting.

ORDINARY BUSINESS

1. **Adoption of Financial Statements**

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

   RESOLVED THAT the Audited Financial Statements for the financial year ended 31st March 2021 and the attached Reports of the Board of Directors and Auditors be and are hereby considered and adopted.

2. **Confirmation of Interim Dividend on Preference Shares as Final Dividend**

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

   RESOLVED THAT pursuant to Section 123(3) of the Companies Act 2013 (**"the Act"**), an Interim Dividend of ₹ 9 per share on 15,00,000 numbers of 9% Redeemable Cumulative Preference Shares and ₹ 8.25 per share on 11,69,000 numbers of 8.25% Redeemable Cumulative Preference Shares of ₹ 100 each for the financial year ended 31st March 2021 declared by the Board of Directors on 13th February 2021 and 30th June 2021 respectively on *pro rata* basis out of the profits of the company be and are hereby confirmed as final dividend.

3. **Declaration of dividend on Equity Shares**

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

   RESOLVED THAT a dividend of ₹ 0.60 (6%) per equity share, as recommended by the Board of Directors, be declared for the financial year ended 31st March 2021 on 6,47,05,882 numbers of equity shares of ₹ 10 each out of the profits of the company for the said financial year and the said dividend be paid to those equity shareholders whose names stand on the Register of Members in case the equity shares are held in physical form and also to the beneficial holders of the dematerialised shares as per the details provided by the Depositories in case the equity shares are held in the electronic form, as on **Thursday, 23rd September 2021.**

4. **Reappointment of Sri M Srinivaasan (DIN : 00102387), Director retiring by rotation, as a Director being eligible, offers himself to be reappointed**

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

   RESOLVED THAT Sri M Srinivaasan, holding DIN:00102387, who retires by rotation and being eligible for reappointment, be and is hereby reappointed as a Director of the Company.

5. **Appointment of Statutory Auditors**

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

   RESOLVED THAT pursuant to the provisions of Sections 139, 141, 142 and other applicable provisions, if any, of the Act read with the Companies (Audit and Auditors) Rules 2014, RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27th April 2021 and pursuant to the recommendation of the Audit Committee, M/s. CSK Prabhu & Co, Chartered Accountants (ICAI Firm Registration No: 002485S), be appointed as Statutory Auditors of the Company for a period of three years in place of M/s. P K Nagarajan & Co, Chartered Accountants (ICAI Firm Registration No: 016676S) from the conclusion of this 64th AGM to the conclusion of the 67th AGM to be held in the year 2024, at such remuneration as fixed by the Board of Directors of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the Company by and are hereby authorised to do all acts, deeds, matters and things and to take all decisions as it may deem fit in its absolute discretion to give effect to the above resolution.

SPECIAL BUSINESS

6. **Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 15 Crores**

   To consider and if thought fit, to pass the following Resolutions as **Special Resolutions**:

   RESOLVED THAT pursuant to the provisions of Sections 42, 55 and any other applicable provisions of the Act, the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof), the Memorandum and Articles of Association of the Company, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities from time to time, approval of the Company be and is hereby given to the Board of Directors (**"the Board"**, which term shall include any Committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution) to offer, issue and allot, in one or more tranches, 15,00,000 (Fifteen lakhs only) Redeemable, Cumulative, Preference Shares (**"Preference Shares"**) of the face value of ₹ 100 each for cash at par for an amount not exceeding ₹ 1,500 lakh (Rupees One Thousand Five Hundred lakh only) on private placement basis to persons identified by the Board of Directors in their absolute discretion, whether or not such persons are members of the Company, on such terms and conditions as may be decided by the Board and subject to the following rights:

a. The Preference Shares shall rank for dividend and in repayment of capital in priority to the equity shares for the time being of the Company. The payment of dividend shall be on a cumulative basis.
b. The said shares shall carry a fixed cumulative preference dividend to be determined by the Board of Directors at the time of issue of preference shares on the capital for the time being paid-up thereon.
c. The said shares shall, in winding up, be entitled to rank as regards repayment of capital and arrears of dividend, whether declared or not, up to the date of commencement of the winding up in priority to the equity shares, but shall not be entitled to any further participation in the profits or surplus assets or surplus funds.
d. The said shares will not be converted into equity shares.
e. The voting rights of the persons holding the said shares shall be in accordance with the provisions of Section 47(2) of the Act.
f. The said shares shall be redeemable not later than the date determined by the Board of Directors at the time of issue or such other date as may be determined by the Board of Directors provided that it does not exceed twenty years.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred by this resolution to any Director(s) or Committee of Directors or any Officer(s) of the Company, as it may consider appropriate to give effect to the resolution.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized on behalf of the Company to do all such acts, deeds and matters and things as they may, at their discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard as they may, in their absolute discretion, deem fit and proper to give effect to the resolution.

7. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis

To consider and if thought fit, to pass the following resolutions as **Special Resolutions**:

RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (**"SEBI NCS Regulations"**), the rules, regulations, guidelines, circulars and RBI directions as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other requirements 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 offer, issue and allot, listed / unlisted, Secured or Unsecured, Redeemable, Non-Convertible Debentures (**"NCDs"**) and / or other Debt Securities on private placement basis, during the period commencing from the conclusion of Sixty Fourth Annual General Meeting until the conclusion of Sixty Fifth Annual General Meeting up to an amount not exceeding ₹ 500 crores, within the overall borrowing limits of the Company.

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

a. decide whether to issue, in one or more series or tranches, as secured or unsecured;
b. decide whether to list any of 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; 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.

NOTES:

1. In view of the prevailing COVID-19 pandemic situation as well as continuing Government guidelines to maintain social distancing, the Ministry of Corporate Affairs (**"MCA"**) in its latest Circular No. 02/2021 dated 13th January 2021 in this regard and in continuation to its earlier Circulars 20/2020 dated 5th May 2020, 14/2020 dated 8th April 2020 and 17/2020 dated 13th April 2020 (collectively referred to as **"MCA Circulars"**) and Securities and Exchange Board of India (**"SEBI"**) has, by its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 15th January 2021 and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020 respectively issued by the Securities and Exchange Board of India (collectively referred to as **"SEBI Circulars"**) permitted companies, whose Annual General Meetings (**"AGM"**) are to be conducted on or before 31st December 2021, to hold their AGMs through Video Conferencing (**"VC"**) / Other Audio Visual Means (**"OAVM"**) not requiring the physical presence of the Members at a common venue. Considering the health and safety of all stakeholders including the shareholders and in view of the surge of the infection in the second wave of the pandemic, the 64th AGM of the Company is being conducted through

VC/OAVM in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (**"Listing Regulations"**) read with the above circulars issued in this regard. The deemed venue for the 64th AGM shall be the Registered Office of the company situated at 62, Dr Nanjappa Road, Coimbatore – 641 018, Tamilnadu, India.

2. In terms of Clause 3.A.II. of the General Circular No 20/2020 dated 5th May 2020, issued by MCA, the matters of Special Business as appearing at Item Nos. 6 and 7 of the accompanying Notice are considered to be unavoidable by the Board and hence, form part of this Notice.
3. The relevant Statement as required under Section 102 of the Act setting out the material facts in respect of Item No.5 and Special Business under Item Nos. 6 and 7 are annexed.
4. The relevant details of Director seeking re-appointment under item No. 4 pursuant to regulation 36(3) of the listing regulations and as required under Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is also annexed.
5. Pursuant to MCA Circular No.14/2020 dated 8th April 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, the Body Corporates are entitled to appoint Authorised Representatives to attend the AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
6. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act. Since the ensuing AGM is being held through VC / OAVM, physical attendance of Members has been dispensed with.
7. Members of the Company under the category of Institutional Investors, if any, are encouraged to attend and vote at the AGM through VC / OAVM. Corporate members intending to authorise their representatives to participate and vote at the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM to the scrutinizer at **murali@skmcoca.com** or **info@skdc-consultants.com.**
8. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single log-in credentials, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Members are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
9. Members may also note that the Notice of 64th AGM along with the Annual Report for the year 2021 will also be made available on the Company's website **www.sakthifinance.com** for their download. For any communication, the members may also send requests to the Company's investors e-mail id, **investors@sakthifinance.com.**
10. Notice of the 64th AGM along with Annual Report for the year 2021 is being sent by electronic mode to the members whose e-mail addresses are registered with the Company / Depository Participants for communication purposes.
11. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send e-mail to **svenkatesh@sakthifinance.com**.
12. All documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m and 1.00 p.m. up to the date of the AGM.
13. In case of joint holders attending the AGM, only such joint holder who is higher in order of name will only be entitled to vote.
14. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company on **investors@sakthifinance.com,** at least 10 days before the date of the meeting to enable the management to respond quickly.
15. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register it by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held in electronic form and to the Company's Registrar and Share Transfer Agent (**"RTA"**) in case the shares are held in physical form, quoting the folio number.
16. **THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") HAS MANDATED THE SUBMISSION OF PERMANENT ACCOUNT NUMBER ("PAN") BY EVERY PARTICIPANT IN SECURITIES MARKET. MEMBERS HOLDING SHARES IN ELECTRONIC FORM ARE, THEREFORE, REQUESTED TO SUBMIT THE PAN TO THEIR DEPOSITORY PARTICIPANTS WITH WHOM THEY ARE MAINTAINING THEIR DEMAT ACCOUNTS. MEMBERS HOLDING SHARES IN PHYSICAL FORM SHALL SUBMIT THEIR PAN DETAILS, PARTICULARLY WITH THE PHOTO COPY OF PAN CARD TO THE COMPANY / REGISTRAR.**
17. **SEBI HAD, BY ITS NOTIFICATION NOS. SEBI/LAD-NRO/GN/2018/24 DATED 8TH JUNE 2018 AND SEBI/LAD-NRO/GN/2018/49 DATED 30TH NOVEMBER 2018, MANDATED THAT THE SECURITIES OF LISTED COMPANIES CAN BE TRANSFERRED IN DEMATERIALISED FORM ONLY (EXCEPT IN CASE OF TRANSMISSION OR TRANSPOSITION OF SHARES), WITH EFFECT FROM 1ST APRIL 2019. IN VIEW OF THIS, MEMBERS HOLDING SHARES IN PHYSICAL FORM**

ARE REQUESTED TO CONSIDER CONVERTING THEIR HOLDINGS TO DEMATERIALISED FORM TO ELIMINATE ALL RISKS ASSOCIATED WITH PHYSICAL SHARES AND FOR EASE OF PORTFOLIO MANAGEMENT. MEMBERS CAN CONTACT DEPOSITORY PARTICIPANTS FOR ASSISTANCE IN THIS REGARD.

18. Sri. K. Murali Mohan, Chartered Accountant (ICAI Membership No. 14328) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

19. The Results declared along with Scrutinizer's Report shall be placed on the Company's website, **www.sakthifinance.com,** notice board of the Company and on the website of **CDSL, www.evotingindia.com** within two days after the voting on the Resolutions at the Sixty Fourth AGM of the Company, viz. on or before **Saturday, 2nd October 2021** and communicated to BSE Limited, where the equity shares of the Company are listed.

20. To facilitate Members to receive this Notice electronically and cast their vote electronically, the Company has made special arrangement with SKDC Consultants Limited for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address to SKDC Consultants Limited are required to provide their e-mail address to SKDC, on or before 5:00 p.m. (**"IST"**) on **Thursday, 23rd September 2021**. This Notice and the procedure for remote e-Voting along with the log-in ID and password for remote e-Voting will be sent to the e-mail address provided by the member.

    The process for registration of e-mail address is as under:

    a. **Members holding shares in electronic form**

    Members are requested to provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account Statement, PAN (self-attested scanned copy of PAN card), Aadhaar (self-attested scanned copy of Aadhaar Card) to **investors@sakthifinance.com.**

    b. **Members holding shares in physical form**

    Members who have not registered their e-mail address with the company can obtain AGM Notice and Annual Report and/or log-in facility for remote e-voting, by sending scanned copy of following documents by e-mail to **investors@sakthifinance.com** :

    i. a signed request letter mentioning your name, folio number and complete address

    ii. self-attested scanned copy of the PAN card and

    iii. self-attested scanned copy of any one of the documents (such as Aadhaar Card, Driving Licence, Voter ID Card and Passport) towards proof of the address of the member as registered with the Company.

    The company shall co-ordinate with CDSL and arrange to provide the log-in credentials to the above mentioned members.

21. In case of any queries, Members may write to **investors@sakthifinance.com** or **helpdesk.evoting@cdslindia.com**.

22. Permanent registration of their e-mail address:

    Members are requested to register their e-mail address, in respect of electronic holdings with their Depository Participants concerned and in respect of physical holdings with the Company's Registrar and Share Transfer Agents of the Company, SKDC Consultants Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028, **Phone** : (0422) 4958995, 2539835-836, **Fax :** (0422) 2539837, **E-mail: green@skdc-consultants.com, Website : www.skdc-consultants.com.**

23. Those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated with their Depository Participants / SKDC Consultants Limited to facilitate servicing of notices / documents / Annual Reports and other communications electronically to their e-mail address in future.

24. **Record Date and Dividend**

    a. **Thursday, 23rd September 2021** has been fixed as the Record Date for payment of dividend to the equity shareholders.

    b. Pursuant to the Finance Act 2020, dividend income will be taxable in the hands of members w.e.f. 1st April 2020 and the Company is required to deduct tax at source from dividend paid to members at the prescribed rates. For the prescribed rates for various categories, the members are requested to refer to the Finance Act 2020 and amendments thereof. The members are requested to update their PAN with Registrars & Share Transfer Agents, SKDC Consultants Limited (in case of shares held in physical mode) and depositories (in case of shares held in demat mode).

    c. A Resident individual shareholder with PAN and whose dividend is likely to exceed ₹ 5,000 and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to **green@skdc-consultants.com** on or before the end of the business hours of **Thursday, 23rd September 2021**. Members are requested to note that in case their PAN is not registered, the tax will be deducted at a highest rate of 20%.

    d. Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, any other document which may be required to avail the tax treaty benefits by sending an e-mail to **green@skdc-consultants.com.** The above declarations and documents need to be submitted by the members on or before the end of business hours of **Thursday, 23rd September 2021.**

25. Payment of Dividend through electronic means

a. Members are requested to provide Bank Account details such as Name of Account holder, Account Number, IFS Code and name of bank and branch to facilitate electronic transfer of dividend amount. The details may please be provided well in time in the form given in the Annual Report which will be mailed to the members of the company.

b. Members holding shares in electronic form are informed that Bank particulars registered against their respective depository account will be used by the company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. The members have to advise such changes only to their depository participant.

26. Transfer to Investor Education and Protection Fund ("IEPF")

a. Transfer of unclaimed dividend

In accordance with Sections 124 and 125 of the Act, all unclaimed dividends up to the financial year ended 31st March 1997 and for the years ended 31st March 2007, 2011, 2012 and 2013 which remained unclaimed for a period of seven years have been transferred to the Investor Education and Protection Fund (**"IEPF"**) of the Central Government. Members who have not encashed their dividend warrant(s) for the said years are requested to forward their claims by submitting Form IEPF - 5, which is available in the **website, www.iepf.gov.in.**

The unclaimed dividends in respect of the following years will be transferred to IEPF on various dates as detailed below:

Financial Year	Due date for transfer to IEPF
2013-14: Dividend on Equity Shares	3rd November 2021
2014-15: Dividend on Equity Shares	4th November 2022
2015-16: Dividend on Equity Shares	31st October 2023
2016-17: Dividend on Equity Shares	1st November 2024
2017-18: Dividend on Equity Shares	31st October 2025
2018-19: Dividend on Equity Shares	30th October 2026
2019-20: Dividend on Equity Shares	23rd January 2028

The Company urges all the Members to encash/claim their respective dividend(s) during the prescribed period. Members who have not encashed the dividend warrants so far in respect of the above periods are requested to make their claim to SKDC Consultants Limited well in advance of the above due dates.

b. Transfer of shares to IEPF

The members may note that in case dividend is not claimed for seven consecutive years, besides transfer of the unclaimed dividend to IEPF, the Company shall transfer the shares in respect of which the dividend was so unclaimed to the dematerialized account of IEPF under Section 124(5) of the Act and the IEPF Rules. Accordingly, the Company has transferred **4,56,073** equity shares of ₹ 10 each to the dematerialized account of IEPF authority during the financial years 2019, 2020 and 2021.

The Company had sent individual notices to all the members whose shares were due to be transferred to IEPF Authority and had also published newspaper advertisement in this regard.

The details of such unclaimed dividends and shares for the financial years are available on the company's website at **www.sakthifinance.com** and on the website of Ministry of Corporate Affairs at **https://www.iepf.gov.in.**

27. Members are requested to support the Green Initiative by registering / updating their e-mail addresses, with the Depository Participant (in case of shares held in dematerialized form) or with SKDC Consultants Limited (in case of shares held in physical form).

28. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to the Notice.

29. Updation of Member's details

Members are requested to quote their Folio Number/ DP ID/Client ID in all their correspondences.

The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company / RTA to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing the additional details is appended at the end of this Annual Report.

Members holding shares in physical form are requested to submit the filled in form to the Company or RTA. Members holding shares in electronic form are requested to submit the details to their respective Depository Participants.

30. Voting through electronic means

The Members can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1,000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.

31. 1. PROCESS AND MANNER FOR MEMBERS OPTING FOR VOTING THROUGH ELECTRONIC MEANS

i. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements)

Regulations 2015 (as amended) and the Circular issued by the Ministry of Corporate Affairs dated 13th January 2021, in continuation and read with its Circulars dated 8th April 2020, 13th April 2020 and 5th May 2020, the Company is providing the facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (**"CDSL"**) for facilitating voting through electronic means, as the authorised e-Voting agency. The facility of casting votes by a member using remote e-voting as well as e-voting during the AGM will be provided by CDSL.

ii. Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. **Thursday, 23rd September 2021,** shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM. Any recipient of the Notice, who has no voting rights as on the cut-off date shall treat this Notice as intimation only.

iii. A person who has acquired the shares and has become a member of the Company after the despatch of the Notice of the AGM and prior to the cut-off date i.e. **Thursday, 23rd September 2021,** shall be entitled to exercise his / her vote either electronically i.e. remote e-voting or e-voting during the AGM by following the procedure mentioned in this part.

iv. The remote e-voting will commence on **Monday, 27th September 2021 at 9.00 a.m.** and will end on **Wednesday, 29th September 2021 at 5.00 p.m**. During this period, the members of the Company holding shares either in physical mode or in demat mode as on the cut-off date i.e. **Thursday, 23rd September 2021** may cast their vote electronically. The members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.

v. Once the vote on a resolution is cast by the member, he/she shall not be allowed to change it subsequently or cast the vote again.

vi. The voting rights of the members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. **Thursday, 23rd September 2021**.

vii. The Company has appointed Sri. K. Murali Mohan, Chartered Accountant (Membership No. 14328) to act as the Scrutiniser for conducting the remote e-voting process as well as the e-voting during the AGM, in a fair and transparent manner.

2. PROCESS FOR THOSE MEMBERS WHOSE EMAIL - IDs ARE NOT REGISTERED :

a. **For members holding shares in Physical form** : Please provide necessary details like Folio No, Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy), Aadhaar (self-attested scanned copy) by e-mail to **green@skdc-consultants.com.**

b. **For members holding shares in Demat form :** Please update your e-mail id and mobile no. with your respective Depository Participant (**"DP"**) which is mandatory while e-Voting and joining virtual meetings through Depository.

3. THE INSTRUCTIONS FOR SHAREHOLDRES FOR REMOTE VOTING ARE AS UNDER:

i. The voting period begins on **Monday, 27th September 2021 at 9:00 a.m**. and ends on **Wednesday, 29th September 2021 at 5:00 p.m.** During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. **Thursday, 23rd September 2021,** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. Members who have already voted prior to the meeting date would not be entitled to vote during the Meeting.

iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/ CMD/ CIR/P/2020/242 dated 9th December 2020, under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (**"ESPs"**) providing e-voting facility to listed entities in India. This requires registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single log-in credentials, through their demat accounts/ websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

iv. In terms of SEBI Circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December 2020 in respect of e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account(s) maintained with Depositories and Depository Participants. Members are advised to update the details of their mobile number and e-mail Id in their demat accounts in order to access e-Voting facility.

Pursuant to above SEBI Circular, Log-in method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of Member	Log-in Method
Individual Members holding securities in Demat mode with **CDSL**	1. Users of who have opted for **CDSL's Easi / Easiest facility,** can log-in through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to log-in to Easi / Easiest are **https://web.cdslindia.com/myeasi/home/login** or visit **www.cdslindia.com** and click on Log-in icon and select New System Myeasi. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. **CDSL/NSDL/KARVY/LINKINTIME**, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi / Easiest, option to register is available at **https://web.cdslindia.com/myeasi/Registration/Easi Registration.** 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in **www.cdslindia.com** home page or click on **https://evoting.cdslindia.com/Evoting/Evotinglogin.** The system will authenticate the user by sending OTP on registered Mobile and Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM.
Individual Members holding securities in Demat mode with **NSDL**	1. If you are already registered for **NSDL IDeAS facility**, please visit the e-Services website of NSDL. Open web browser by typing the following **URL: https://eservices.nsdl.com** either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Log-in" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at **https://eservices.nsdl.com.** Select "Register Online for IDeAS Portal" or click at **https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp**

	3) Visit the e-Voting website of NSDL. Open web browser by typing the following **URL:https://www.evoting.nsdl.com** either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Log-in" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting
Individual Members (holding securities in Demat mode) log-in through their **Depository Participants**	You can also log-in using the log-in credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful log-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use "Forget User ID" and "Forget Password" option available at respective websites.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to log-in through Depository i.e. CDSL and NSDL

Log-in type	Helpdesk
Individual Members holding securities in Demat mode with **CDSL**	Members facing any technical issue in log-in can contact CDSL helpdesk by sending a request at **helpdesk.evoting@cdslindia.com** or contact at (022) 23058738 and (022) 23058542-43.
Individual Members holding securities in Demat mode with **NSDL**	Members facing any technical issue in log-in can contact NSDL helpdesk by sending a request at **evoting@nsdl.co.in** or call at toll free no.: 1800 1020 990 and 1800 22 44 30

v. **Log-in method for e-Voting and joining virtual meeting for physical shareholders and shareholders other than individual shareholders holding securities in demat form:**

1. The shareholders should log on to the e-voting website **www.evotingindia.com.**
2. Click on Shareholders.
3. Now Enter your User ID:
   a. For CDSL: 16 digits beneficiary ID
   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
   c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Log-in.
5. If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any company, then your existing password is to be used.

6. If you are a first time user follow the steps given below:

For Members other than individual members holding shares in Demat Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number indicated/sent by the Company/RTA or contact Company/RTA
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log-in. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

vi. After entering these details appropriately, click on "SUBMIT" tab.

vii. Members holding shares in physical mode will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their log-in password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

viii. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

ix. Click on the EVSN of the Company, SAKTHI FINANCE LIMITED on which you choose to vote.

x. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same, the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xii. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xiv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

xv. If a demat account holder has forgotten the log-in password, then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

xvi. Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

xvii. Additional facility for Non – Individual Members and Custodians - For remote e-voting only

- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com.**
- After receiving the log-in details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the log-in should be mailed to **helpdesk.evoting@cdslindia.com** and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (**"POA"**) which they have issued in favour of the Custodians, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.
- Alternatively, Non Individual members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company, if voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

4. **INSTRUCTIONS FOR MEMBERS ATTENDING THE ANNUAL GENERAL MEETING THROUGH VC / OAVM AND E-VOTING DURING THE MEETING ARE AS UNDER:**
   1. The procedure for attending meeting and e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
   2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful log-in as per the instructions mentioned above for Remote e-voting.
   3. Only those Members/ shareholders, who are present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
   4. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.
   5. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote during the AGM.
   6. The results declared along with the Scrutiniser's Report shall be placed on the Company's website, **www.sakthifinance.com** and on the website of CDSL i.e. **www.cdslindia.com** within two days of the passing of the Resolutions at the 64th Annual General Meeting of the Company and shall also be communicated to the Stock Exchanges where the shares of the Company are listed.
5. **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**
   1. The procedure for attending meeting and e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
   2. Members are encouraged to join the Meeting through Laptops/IPads for better experience.
   3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
   4. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of above glitches.
   5. For ease of conduct, members who would like to ask questions may send their questions in advance at least (10) days before AGM mentioning their name, demat account number / folio number, email id, mobile number at **investors@sakthifinance.com** and register themselves as a speaker. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
   6. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
   7. Contact Details:

Company	Sakthi Finance Limited CIN: L65910TZ1955PLC000145 **Regd. Office :** 62, Dr Nanjappa Road, Coimbatore – 641 018 **Phone** : (0422) 2231471-74, 4236200 **E-mail ID** : sakthif_info@sakthifinance.com, investors@sakthifinance.com **Website** : www.sakthifinance.com
Registrar and Transfer Agent	SKDC Consultants Limited "Surya", 35, Mayflower Avenue, Behind Senthil Nagar Sowripalayam Road, Coimbatore – 641 028 **Phone** : (0422) 4958995, 2539835-836, **Fax:** (0422) 2539837 **E-mail ID** : info@skdc-consultants.com **Website** : www.skdc-consultants.com
e-Voting Agency	Central Depository Services (India) Limited **E-mail ID** : helpdesk.evoting@cdslindia.com **Phone** : (022) 23058542/43
Scrutiniser	K. Murali Mohan FCA (Membership No. 14328), Chartered Accountant, Coimbatore

   8. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (**"FAQs"**) and e-voting manual available at **www.evotingindia.com** under help section or write an email to **helpdesk.evoting@cdslindia.com** or call (022) 23058542/43.
   9. All grievances connected with the facility for voting by electronic means may be addressed to **Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compound, N M Joshi Marg, Lower Parel (East), Mumbai - 400013** or send an email to **helpdesk.evoting@cdslindia.com** or call (022) 23058542/43.

STATEMENT OF MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT 2013

The following Statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 7 of the accompanying Notice dated 3rd September 2021.

ORDINARY BUSINESS

Item No.5

Appointment of Statutory Auditors

M/s. P K Nagarajan & Co, Chartered Accountants (Firm Registration No: 016676S) were appointed as the statutory auditors of the company at the 60th AGM of the company held on 25th September 2017 for a term of five consecutive financial years from the conclusion of the 60th AGM until the conclusion of the 65th AGM to be held in the financial year 2022 and will be completing 4 years of continuous service at the ensuing AGM of the company scheduled on 30th September 2021. Pursuant to the RBI Circular dated 27th April 2021 on Guidelines for appointment of statutory auditors of banks and NBFCs, M/s. P K Nagarajan & Co will be ineligible to continue as Statutory Auditors of the Company. In view of this, M/s. P K Nagarajan & Co had communicated their intention, by their letter dated 3rd September 2021, to resign as statutory auditors of the company and their resignation will be effective from that date. Further, in compliance with the above RBI Circular, the statutory audit of the company should be conducted by an eligible Audit firm. Accordingly, the Board recommends the appointment of M/s. CSK Prabhu & Co, Chartered Accountants (ICAI Regn No.: 002485S) as statutory auditors of the company for approval.

Disclosure under Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

Proposed statutory audit fee payable to auditors	Not exceeding ₹ 16 lakhs as statutory audit fees for the period ending 31st March 2022.
Terms of appointment	M/s. CSK Prabhu & Co., Chartered Accountants, are recommended for appointment for a term of three years from the conclusion of the 64th Annual General Meeting till the conclusion of the 67th Annual General Meeting.
Material change in fee payable	No material change in fee for the proposed auditors. Outgoing auditors were paid a statutory audit fees of ₹ 16 lakhs for the financial year 2020-2021.
Basis of recommendation and auditor's credentials	The recommendations are based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act 2013 with regard to the full-time partners, statutory and branch audit experience of the firm, capability, independence assessment, audit experience of banks. **Brief Profile of M/s CSK Prabhu & Co, Chartered Accountants** M/s CSK Prabhu & Co is a firm of Chartered Accountants headquartered in Coimbatore. The firm was founded in the year 1978 by Sri.C.S.K. Prabhu FCA, Chartered Accountant. The firm is a 41 year old firm. The firm has 3 partners. The Firm provides Audit, Assurance, Taxation and Consultancy Services. The firm has experience in the following Sectors: Manufacturing, Textiles, Infotech, Finance and Banking, Retail and Trading, Jewellery, Food Processing, FMCG, Healthcare, NGO / NPO Charity and Education, Energy, Capital Goods, Chemicals and Fertilizers, Automobile Machinery and Construction etc. The firm holds a valid Peer Review Certificate from the Peer Review Board of ICAI, New Delhi.

Accordingly, the Board of Directors recommend the Ordinary Resolution set out in Item No 5 of the accompanying Notice for the consideration and approval of the members.

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in the passing of the Ordinary Resolution.

SPECIAL BUSINESS

Item No.6

To increase net worth, to strengthen the Capital Adequacy Ratio and to meet the Working Capital requirements of the Company, the company intends to issue, in one or more tranches, 15,00,000 Redeemable, Cumulative, Preference Shares of ₹ 100 each for an amount not exceeding ₹ 15 crore on private placement basis to such person(s) identified by the Board of Directors of the Company (hereinafter referred to as **"the Board"** which term shall be deemed to include any duly constituted / to be constituted Committee of the Board thereof to exercise its powers including powers conferred by this resolution) in their absolute discretion whether or not such persons are members of the Company on such terms and conditions as may be decided by the Board of Directors at their discretion.

The Special Resolution authorizing the Board of Directors to offer, issue and allot preference shares at their discretion, as detailed in the resolution, is placed before the members for their approval.

The terms and conditions of the preference shares shall be subject to the provisions of the Companies Act 2013 and the related rules under the Act and the Memorandum and Articles of Association of the Company.

Disclosures as required under Rule 9(3) of the Companies (Share Capital and Debentures) Rules 2014, the material facts in relation to the above issue of Preference Shares, Rule 13(2) of the Companies (Share Capital and Debentures) Rules 2014 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, to the extent applicable are as follows:

<table>
<tr><td>a</td><td>Particulars of the offer including date of passing of Board resolution</td><td>Preference Shares
Date of Board Meeting : 30th June 2021</td></tr>
<tr><td>b</td><td>Size of the issue and the number of preference shares to be issued and the nominal value of each share</td><td>The Company proposes to issue and allot up to 15,00,000 (Fifteen Lakhs only) Redeemable, Cumulative, Preference Shares of face value of ₹ 100 each for cash at par aggregating a nominal value not exceeding ₹ 15 crore to various persons/ entities identified by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any duly constituted / to be constituted Committee of the Board thereof to exercise its powers including powers conferred by this resolution) and whether or not they are members of the Company</td></tr>
<tr><td>c</td><td>Nature of such shares. i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible</td><td>Redeemable, Cumulative, Non-participating and Non-Convertible Preference Shares</td></tr>
<tr><td>d</td><td>Objectives of the issue</td><td>To increase net worth, to strengthen the Capital Adequacy Ratio and to meet the working capital requirements of the Company</td></tr>
<tr><td>e</td><td>Manner of issue of shares</td><td>On private placement basis</td></tr>
<tr><td>f</td><td>Price at which such shares are proposed to be issued</td><td>At par</td></tr>
<tr><td>g</td><td>Basis on which the price has been arrived at</td><td>None</td></tr>
<tr><td>h</td><td>Name and address of valuer who performed valuation</td><td>Not applicable</td></tr>
<tr><td>i</td><td>Terms of issue, including terms and rate of dividend on each share etc</td><td>As mentioned in the resolution in Item No 6 and the rate of dividend will be decided by the Board of Directors</td></tr>
<tr><td>j</td><td>Terms of redemption, including the tenure of redemption, if any, redemption of shares at premium and if the preference shares are convertible, the terms of conversion</td><td>The period of redemption will be decided by the Board of Directors but in no case shall exceed a period of 20 years from the date of issue. Redemption of preference shares at premium is not applicable and there is no conversion of shares</td></tr>
<tr><td>k</td><td>Manner and modes of redemption</td><td>Out of profits and /or out of fresh issue of capital, as the case may be</td></tr>
<tr><td>l</td><td>Current shareholding pattern of the Company</td><td>Equity shareholding pattern as on 30th June 2021 :
Detailed shareholding pattern is available on the website of the Company, i.e. www.sakthifinance.com and also available on the website of the BSE Ltd i.e www.bseindia.com.
<table>
<tr><th>Category</th><th>No of Shares</th><th>% of equity capital</th></tr>
<tr><td>Promoter and Promoter Group</td><td>4,33,63,007</td><td>67.02</td></tr>
<tr><td>Banks, Financial Institutions and Mutual Funds</td><td>900</td><td>0.00</td></tr>
<tr><td>Bodies Corporate including Overseas Corporate Body</td><td>1,57,52,084</td><td>24.34</td></tr>
<tr><td>Non-Resident Indians</td><td>45,450</td><td>0.07</td></tr>
<tr><td>Resident Individuals and Others</td><td>55,44,441</td><td>8.57</td></tr>
<tr><td>Total</td><td>6,47,05,882</td><td>100.00</td></tr>
</table></td></tr>
<tr><td>m</td><td>Expected dilution in equity share capital upon conversion of preference shares</td><td>Not applicable</td></tr>
</table>

n	Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	None of the Promoters or Directors is interested in the offer.
o	Principal terms of assets charged as security, if applicable	Not applicable

Accordingly, the Board of Directors recommend the Special Resolution set out in Item No 6 of the accompanying Notice for the consideration and approval of the members.

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in the passing of the Special Resolution.

Item No.7

As per the provisions of Section 42 and 71 of the Companies Act 2013 (**"the Act"**) read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), a company which offers or make an invitation to subscribe to Non-Convertible Debentures (**"NCDs"**) on private placement basis, is required to obtain the prior approval of the members by way of a Special Resolution, which can be obtained once in a year for all the offers and invitations for such NCDs during the year.

Borrowings through NCDs and other debt securities, issued on private placement basis form a significant source of funds for the Company. The borrowings of the Company presently aggregate approximately to ₹ 933.91 crore, of which Secured or Unsecured NCDs, Subordinated bonds and other debt securities, privately placed, aggregate approximately to ₹ 367.19 crore.

The Company expects to borrow an amount not exceeding ₹ 500 crore by way of NCDs and other debt securities during the period commencing from the conclusion of the Sixty Fourth Annual General Meeting until the conclusion of the Sixty Fifth Annual General Meeting. The issue proceeds are expected to be used to fund the hire purchase finance operations of the Company and for general working capital requirements.

Hence, the approval of the Members is being sought by way of a Special Resolution for the proposed issue of NCDs and other debt securities on private placement basis. Further, Members are requested to authorize the Board (including any committee thereof) to offer and issue NCDs and other debt securities on private placement basis, in one or more series or tranches, within the overall borrowing limits of the Company, as approved by the members from time to time.

Disclosures as required under Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014 and Rule 13(2) of the Companies (Share Capital and Debentures) Rules 2014, to the extent applicable, the material facts in relation to the above issue of NCDs and other debt securities are as follows:

Particulars of the offer including date of passing of Board resolution	Secured / Unsecured Redeemable, Non-Convertible Debentures (**"NCDs"**) and Other Debt Securities in one or more series or tranches Date of Board Meeting : 3rd September 2021
Kinds of securities offered and the price at which security is being offered	NCDs and other Debt Securities Face Value of NCDs : ₹ 1,000 each Other Debt Securities : At the discretion of the Board of Directors at the time of Issue
Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	Not applicable
Name and address of valuer who performed valuation	Not applicable
Amount which the company intends to raise by way of such securities	For an amount not exceeding ₹ 500 crores in aggregate
Material Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment	**Terms** NCDs : 15 to 36 months Other Debt Securities : At the discretion of the Board of Directors at the time of Issue Interest Rate : Not exceeding 12% per annum Mode of payment : NEFT / Cheque / DD Repayment : NEFT / Cheque / DD on the date of maturity
Proposed time schedule for which the offer letter is valid	Validity commencing from the conclusion of this AGM until the conclusion of the next AGM.

Purposes and objects of the offer	To finance the business operations and increased working capital requirements of the Company.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	None of the Promoters or Directors is interested in the offer.
Principal terms of assets charged as security, if applicable	Secured NCDs : Security cover will be equal to or more than one time of the debenture value.

Accordingly, the Board of Directors recommend the Special Resolution as set out in Item No 7 of the accompanying Notice for the consideration and approval of the members.

None of the Directors or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, except to the extent of NCDs and other debt securities that may be subscribed to by their relatives or companies/firms in which they are interested.

By Order of the Board
For Sakthi Finance Limited

S Venkatesh
Company Secretary
FCS 7012

3rd September 2021
Coimbatore

Registered Office:
62, Dr Nanjappa Road
Coimbatore – 641 018
CIN : L65910TZ1955PLC000145
Phone : (0422) 2231471-74, 4236200
Fax : (0422) 2231915
E-mail : investors@sakthifinance.com
Website : www.sakthifinance.com

Annexure

DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE SIXTY FOURTH ANNUAL GENERAL MEETING
(Pursuant to Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Secretarial Standard 2 on General Meetings)

Name of the Director	**Sri M. Srinivaasan**
Item No	4
Director Identification Number **("DIN")**	00102387
Date of birth and age	2nd September 1966, 55 years
Date of appointment on the Board	18th April 1994
Qualifications	B.E., M.B.A
No of Board Meetings attended during the year out of 8 meetings	7 out of 8
Expertise in specific functional areas	He holds a Bachelor's degree in Engineering from Mysore University and a Masters Degree in Business Administration from Pennsylvania State University, USA. He has got rich and varied experience in sugar industry. At present, he is the Managing Director of Sri Chamundeswari Sugars Limited. He is also Joint Managing Director of Sakthi Sugars Limited with effect from 27th August 2021. He was the President, South India Sugar Mills Association, Karnataka between 1997 and 1999 and 2005 and 2008. He was also the President of Indian Sugar Mills Association, New Delhi, during the year 2012-13.
Directorships held in other Companies	a. A B T Limited b. Chamundeswari Enterprises Private Limited c. Nachimuthu Industrial Association d. Sakthi Auto Component Limited e. Sakthi Properties (Coimbatore) Limited f. Sakthi Sugars Limited g. SCSL Agro Industries Private Limited h. SCSL Agro Private Limited i. Sri Chamundeswari Sugars Limited j. The Gounder and Company Auto Limited k. Nilambe Leisure Holdings Private limited, Srilanka
Memberships / Chairmanships of committee across public companies	**Audit Committee – Member:** Sakthi Finance Limited, Sri Chamundeswari Sugars Limited **Stakeholders' Relationship Committee – Member:** Sri Chamundeswari Sugars Limited
No of equity shares held	2,51,355
Last drawn remuneration	Only sitting fees is paid for attending the meetings
Relationship with other directors	Brother of Dr. M Manickam, Chairman and Sri. M. Balasubramaniam, Vice Chairman and Managing Director

BOARD'S REPORT

To the Members

Your Directors are pleased to present their Sixty Fourth Annual Report together with the audited financial statements of the company for the year ended 31st March 2021.

1. FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2020 - 21	2019-20
Total Income (A)	**17,133.66**	17,023.01
Less : Finance Costs	**10,415.94**	10,109.40
Other Expenditure	**4,250.87**	4,317.53
Depreciation, Amortization and Impairment	**1,209.41**	1,195.05
Total Expenses (B)	**15,876.22**	15,621.98
Profit before Exceptional Items and Taxes (A-B)	**1,257.44**	1,401.03
Exceptional Items	**-**	-
Profit before Tax	**1,257.44**	1,401.03
Less : Provision for Tax:		
Current Tax	**508.42**	449.61
Deferred Tax	**(176.77)**	(166.52)
Profit after tax for the year	**925.79**	1,117.94
Balance brought forward from earlier years	**3,089.90**	2,803.87
Profit available for Appropriation	**4,015.69**	3,921.81
Add : Other Comprehensive Income / (Loss)	**13.58**	(5.54)
Less : Dividend paid on Equity Shares (2020 & 2019)	**388.24**	500.00
Tax on Dividend (2020 & 2019)	**-**	102.78
Statutory Reserve	**185.16**	223.59
Balance carried forward	**3,455.87**	3,089.90

2. BUSINESS

For the financial year ended 31st March 2021, the company disbursed an amount of ₹ **52,800 lakh** in hire purchase financing operations as against ₹ 67,132 lakh disbursed during the previous financial year. The overall collection efficiency has been satisfactory. Your directors hope to achieve better business disbursements and profitability during the current financial year.

3. COVID -19 PANDEMIC IMPACT

The financial year 2020-2021 started with outbreak of Covid-19 pandemic from March 2020 - July 2020. India and your Company was no exception to the outbreak of the pandemic. Your Company's operations, in relation to business disbursements and collections, were impacted to an extent and management of liquidity position was also challenging during that period. The Reserve Bank of India (**"RBI"**) had risen to the occasion and supported the Indian economy by announcing moratorium on loans up to May 2020, which was further extended up to August 2020 to lessen the burden of the borrowers.

The Government of India and RBI announced various measures and relaxations to ensure that sufficient liquidity is in the hands of the businessmen and borrowers so that the negative effect of the pandemic is mitigated to some extent. Our Company also adopted a policy of moratorium and extended the benefits to our customers so as to relieve the burden of debt servicing by them, as per the approved terms of Government of India and RBI.

4. CHANGE IN NATURE OF BUSINESS, IF ANY

During the year, there was no change in the nature of business of the company.

5. DIVIDEND

a. PREFERENCE SHARES

Your Directors have, at their meeting held on 13th February 2021 and 30th June 2021 respectively, declared a *pro rata* interim dividend of ₹ 9 per share on 9% Redeemable Cumulative Preference Shares of ₹ 100 each and ₹ 8.25 per share on 8.25% Redeemable Cumulative Preference Shares of ₹ 100 each for the financial year ended 31st March 2021 amounting to ₹ **134.75 lakh,** after deduction of a tax deducted at source of ₹ **5.54 lakh.**

b. EQUITY SHARES

Your Directors are pleased to recommend a dividend of ₹ 0.60 per equity share (6% on the face value of equity shares of ₹ 10 each) for the year ended 31st March 2021 amounting to ₹ 388.24 lakh, subject to deduction of tax, wherever applicable. Equity Dividend recommended by the Board of Directors for the financial year 2020-21, if approved by the members, will be recognized as a liability during the financial year 2021-22.

6. TRANSFER TO RESERVES

No amount has been transferred to General Reserve from current year profits.

7. CHANGE IN THE CAPITAL

During the year, the Company allotted 11,69,000 number of 8.25% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating ₹ 1,169.00 lakh and redeemed 8,35,000 numbers of 9% Redeemable Cumulative Preference Shares of ₹ 100 each aggregating ₹ 835.00 lakh. Accordingly, the paid-up share capital stands increased to ₹ **8,304.59 lakh** from ₹ 7,970.59 lakh.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 (**"Listing Regulations"**), a report on Management Discussion and Analysis, which forms part of this report, is set out in **Annexure 1**.

9. PUBLIC ISSUE / REDEMPTION OF NON-CONVERTIBLE DEBENTURES

a. Public Issue of Secured and Unsecured, Redeemable, Non-Convertible Debentures for ₹ 20,000 lakh

During June - July 2021, the Company made a Public Issue of Secured and Unsecured, Redeemable, Non-Convertible Debentures (**"NCDs"**) of ₹ 1,000 each up to ₹ 10,000 lakh, with an option to retain over-subscription up to ₹ 10,000 lakh, aggregating ₹20,000 lakhs. The NCD issue opened on 29th June 2021 and closed on 23rd July 2021. The Company received a subscription of ₹ 21,047.52 lakh. The Company made allotment of 19,85,365 NCDs aggregating ₹ 19,853.65 lakh to the eligible allottees on 29th July 2021. The NCDs have been listed and admitted for trading with BSE Limited with effect from 2nd August 2021. The proceeds of the NCD issue are being used towards the objects stated in the Prospectus.

b. Redemption of Secured, Redeemable, Non-Convertible Debentures ("NCDs")

As per the terms and conditions of the Public Issue Prospectus dated 28th March 2019, your company has redeemed the Secured, Redeemable, Non-Convertible Debentures issued under Options I and II aggregating ₹ 2,272.03 lakh (Principal : ₹ 1,999.39 lakh and Interest : ₹ 272.63 lakh). The repayment was made on 15th May 2021 to the respective Debenture holders and accordingly the NCDs under Options I and II were fully redeemed.

10. DEPOSITS

The total deposits with the company as at 31st March 2021 stood at ₹ **16,347.71 lakh** as against ₹ 18,482.25 lakh as at the end of the previous year.

As at the end of the financial year 2020-2021, **237** public deposits aggregating ₹ **301.26 lakh** were due for repayment, but remained unclaimed. The Company has been regularly reminding the depositors about the maturity and out of the said deposits, **110** deposits amounting to ₹ **136.11 lakh** have since been claimed and paid / renewed as per their instructions.

11. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

During the financial year 2020-21, your Company has transferred unclaimed dividend, unclaimed matured debentures, including interest, amounting to ₹ **12.90 lakh** to IEPF. Further, the Company has also transferred 37,980 equity shares of ₹ 10 each in respect of which dividend has remained unclaimed for seven consecutive years to IEPF.

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Retirement by rotation

In accordance with the provisions of Section 152(6) of the Act, Sri M. Srinivaasan Director (DIN: 00102387) will retire by rotation at the ensuing AGM of the Company and being eligible, offers himself for reappointment. The Board recommends his reappointment.

b. Number of Meetings of the Board

Eight (8) meetings of the Board of Directors of the Company were held during the year. For details of the meetings, please refer to Corporate Governance Report, which forms part of this Report.

c. Key Managerial Personnel ("KMPs")

The Board of Directors have, based on the recommendations of Nomination and Remuneration Committee and Audit Committee, appointed Sri Srinivasan Anand as Chief Financial Officer (**"CFO"**) of the Company with effect from 3rd September 2021. He was earlier the Chief Compliance Officer of the Company.

In terms of Section 203 of the Act, Sri M Balasubramaniam, Vice Chairman and Managing Director, Dr. S. Veluswamy, Director (Finance and Operations) and CFO, Sri Srinivasan Anand, CFO and Sri S Venkatesh, Company Secretary and Chief Compliance Officer are the Key Managerial Personnel (**"KMPs"**) of the Company.

d. Appointment of Chief Operating Officer ("COO")

The Board of Directors have, based on the recommendations of Nomination and Remuneration Committee appointed Sri K S Venkitasubramanian as Chief Operating Officer of the Company with effect from 3rd September 2021.

e. Remuneration Policy

Company's policy on Director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in the Corporate Governance Report which forms part of the Board's Report. The policy on remuneration is enclosed in **Annexure 2**.

f. Independent Directors' Declaration

Dr A Selvakumar, Sri P S Gopalakrishnan, Smt. Priya Bhansali and Sri K P Ramakrishnan, who are Independent Directors, have submitted declarations that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 25 of the Listing Regulations. Further, in terms of Regulation 25 of the Listing Regulations, they are not aware of any circumstance or situation which exist or may reasonably be anticipated that could impair or impact their ability to discharge the duties with an objective independent judgement and without any external influence and they are independent of the management.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, expertise and experience (including proficiency) in the field of information technology, banking and finance, finance and accounting, FDI, international taxation etc. and that they hold highest standards of integrity.

The Independent Directors of the Company have undertaken requisite steps towards inclusion of their name in the data bank of independent Directors maintained with the Indian Institute of Corporate Affairs (**"IICA"**) in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules 2014 and a declaration to that effect has been obtained from them.

Majority of the Independent Directors of the Company have served as Directors in listed Companies having a paid-up share capital of ₹ 10 crore or more for a period of not less than 10 years and hence they are exempt from undertaking the proficiency test as per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules 2014.

Smt Priya Bhansali, Independent Director has successfully completed her on-line proficiency test conducted by IICA, Manesar for being eligible to be an Independent Director of the Company.

g. Code of Conduct for Directors and Senior Management

All the Directors fulfill the 'Fit and Proper' criteria as stipulated by RBI. All the Directors and members of the Senior Management have confirmed compliance with the Code of Conduct of the Company. A declaration to this effect has been signed by Vice Chairman and Managing Director and forms part of the Annual Report.

h. *Inter se* relationship amongst Directors

Except Dr M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director, who are related to each other as brothers, none of the other Directors is related to each other within the meaning of the term "relative" as per Section 2(77) of the Act read with the Listing Regulations.

i. Performance Evaluation

In terms of the requirements of the Act and Listing Regulations, the Board has carried out an annual performance evaluation of the individual Directors, Committees of the Board and the Board as a whole.

The evaluation was carried out based on a structured questionnaire which includes performance criteria such as performance of duties and obligations, independence of judgment, level of engagement and participation, contribution in increasing the Board's over all effectiveness etc. Your directors have expressed their satisfaction on functioning and performance of Individual Directors, Board and its Committees.

13. AUDIT COMMITTEE

The present Audit Committee has three non-executive directors as members, of which two are Independent Directors. The composition of the Committee is given below:

a. Dr A Selvakumar, Chairman

b. Sri M Srinivaasan, Member

c. Sri K P Ramakrishnan, Member

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2020-21, the company has not given / provided any loans, guarantee and securities to parties mentioned in Section 185 of the Act. Hence the provisions of Section 186 of the Act is not applicable to the Company.

15. TRANSACTIONS WITH RELATED PARTIES

The Company has entered into contracts or arrangements with the related parties in the ordinary course of business and these are on an arm's length basis only. There are no contract or arrangement entered into with Related Party(ies) during the year which requires to be disclosed in Form AOC-2 under Sections 188(1) and 134(h) of the Act.

16. INTERNAL CONTROL

The information about internal controls is set out in the Management Discussion and Analysis Report which forms part of this Report.

17. RISK MANAGEMENT

The Risk Management is overseen by the Risk Management Committee of the Company. The Committee oversees the Company's processes and policies for determining risk tolerance against established levels. Major risks identified by the business and functions are systematically addressed through mitigating actions on a continuous basis. For details, please refer to the Management Discussion and Analysis Report which forms part of the Board's Report.

18. WHISTLE BLOWER POLICY (VIGIL MECHANISM)

The Company has formulated a Whistle Blower Policy (Vigil Mechanism) for Directors and employees to report their genuine concerns. During the year, no complaint has been received in this regard. For details, please refer to Corporate Governance Report which forms part of this Report.

19. SUBSIDIARIES, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company does not have any subsidiary, associate or Joint Venture Company. There was no Company which has become or ceased to be Company's subsidiary, joint venture or associate company during the financial year 2020-21.

20. CORPORATE GOVERNANCE REPORT

As required under Regulation 34(3) and Schedule V to the Listing Regulations, a report on Corporate Governance and a certificate from the auditors of the company regarding compliance of the conditions of Corporate Governance form part of the Annual Report and is set out in **Annexure 3**.

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

The Company has put in place a Sexual Harassment Prevention Policy in line with the requirements of the

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013. An Internal Compliance Committee (**"ICC"**) has been formed to redress complaints received regarding sexual harassment. All employees are covered under this Policy. During the year 2020-21, there were no complaints received in this regard by the ICC.

22. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has put in place necessary internal financial controls which are adequate and are operating effectively. The controls are adequate for ensuring the orderly and efficient conduct of the business, completeness of accounting records and timely preparation of reliable financial information, besides adherence to the Company's policies, safeguarding of assets, prevention and detection of frauds and errors, accuracy, etc.

23. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Act, your directors confirm, to the best of their knowledge and belief that:

a. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the financial year;
c. they have taken proper and sufficient care for the 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 fraud and other irregularities;
d. they have prepared the annual accounts on a going concern basis;
e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

24. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The CSR Policy of the Company and the details about the initiatives taken by the Company on CSR during the year as per the Companies (Corporate Social Responsibility Policy) Rules 2014 have been disclosed in **Annexure 4.** Further, details regarding composition of Corporate Social Responsibility Committee and other particulars are provided in the Corporate Governance Report which forms part of this report.

During the financial year, your company is required to spend ₹ 37.54 lakh towards CSR expenses. Your Company has so far spent ₹ 37.58 lakh during the financial year 2020-21.

25. AUDITORS

a. Statutory Auditors

At the 60th AGM of the Company held on 25th September 2017, M/s. P K Nagarajan & Co, Chartered Accountants (ICAI Firm Regn No. 016676S) (**"PKN"**), were appointed as the statutory auditors of the company to hold office till the conclusion of the 65th AGM.

In terms of RBI Circular dated 27th April 2021 on "Guidelines for appointment of statutory auditors of banks and NBFCs", PKN will be ineligible to be continued as Statutory Auditors.

Accordingly, the Board of Directors have, at their meeting held on 3rd September 2021, on the recommendation of Audit Committee and subject to the approval of members at the ensuing AGM, considered and recommended the appointment of M/s. CSK Prabhu & Co., Chartered Accountants, Coimbatore (ICAI Firm Regn No: 002485S) as Statutory Auditors of the company for a continuous period of three (3) years from the financial year 2021-22.

The Company has received a written consent and an eligibility certificate in accordance with Sections 139, 141 and other applicable provisions, if any, of the Act and the Rules issued thereunder from M/s. CSK Prabhu & Co., Chartered Accountants. They have also confirmed that they hold a valid Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (**"ICAI"**) as required under the Listing Regulations.

An Ordinary Resolution seeking the approval of members for the appointment of M/s. CSK Prabhu & Co., Chartered Accountants as Statutory Auditors is included in the Notice convening the ensuing AGM.

b. Secretarial Auditors

Pursuant to Section 204 of the Act, your Directors have appointed M/s. S Krishnamurthy & Co, Company Secretaries, to undertake the Secretarial Audit of your company for the year 2020-21. The Secretarial Audit Report for the financial year 2020-2021 is set out in **Annexure 5.**

c. Cost Records and Cost Audit

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148(1) of the Act is not applicable for the business activities carried out by the company.

26. AUDITOR'S REPORT AND SECRETARIAL AUDITOR'S REPORT

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report and secretarial auditor's report.

The Statutory Auditors of the Company have not reported any fraud as specified under the second proviso of Section 143(12) of the Act (including any statutory modification(s) or re-enactment(s) for the time being in force).

27. PARTICULARS REQUIRED UNDER SECTION 134 OF THE ACT

Particulars as required under Section 134(3)(m) of the Act read with Companies (Accounts) Rules 2014 are given below:

a. The Company has no activity involving conservation of energy or technology absorption;

b. The Company does not have any Foreign Exchange Earnings; and

c. Foreign Exchange Outgo : ₹ **106.94 lakh**

28. PARTICULARS OF EMPLOYEES

The disclosures in terms of Section 197(12) of the Act read with Rules 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 relating to remuneration is enclosed as **Annexure 6**.

29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT

There are no significant and material orders passed by the regulators or courts or tribunals affecting the going concern status of your company and its operations in future.

30. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments which occurred between the end of the financial year of the company and the date of this report affecting the Company's financial position.

31. ANNUAL RETURN

A copy of the Annual Return for the financial year 2020-21 will be placed on the website of the Company, **www.sakthifinance.com,** within 60 days after conclusion of the 64th AGM.

32. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

During the year, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company.

33. SECRETARIAL STANDARDS COMPLIANCE

Your Directors confirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India in relation to Board and General Meetings.

34. OTHER DISCLOSURES

In terms of applicable provisions of the Act and Listing Regulations, your Company discloses that during the financial year under review:

a. there was no issue of shares (including sweat equity shares) to employees of the Company

b. there was no scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

c. there was no issue of shares with differential rights.

35. ACKNOWLEDGEMENT

Your Directors wish to place on record the valuable guidance and excellent co-operation extended by the members, banks, financial institutions, rating agencies, Reserve Bank of India and other regulatory authorities. The Board of Directors wish to convey their sincere thanks to the depositors and debenture holders of the company for their continued patronage. They also wish to appreciate the excellent services rendered by the employees of the company.

We pray the Goddess SAKTHI to continue to shower Her blessings and to guide us in all our endeavours.

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

3rd September 2021
Coimbatore

Annexure 1

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

During the financial year 2020-21, the global and Indian economies experienced the impact of Covid-19 pandemic, which was both unprecedented and extensive. Emerging and developing economies like India, suffered heavily, while the health care infrastructure was severely stressed due to high prevalence of Covid-19 cases.

The pandemic impacted both formal and informal sectors of the Indian Economy. The Indian Economy experienced economic recession, for the first time, in four decades. The Gross Domestic Product (**"GDP"**) contracted 24.4 per cent during the first quarter of financial year 2020-21. However, thanks to subsequent all-round improvements, the de-growth for the full financial year was limited to 7.3 per cent, as compared to 4.2 per cent growth in financial year 2019-20.

The International Monetary Fund (**"IMF"**) has cut India's GDP growth for the financial year 2021-22 to 9.5 per cent from the earlier projection of 12.50 per cent due to Covid-19 impact. The world economy, on the other hand, shrank by 4 per cent in 2020 and is expected to grow by 5.8 per cent in 2021.

COVID -19 PANDEMIC IMPACT

The financial year 2020-2021 started with outbreak of Covid-19 pandemic from March 2020 - July 2020. India and your Company was no exception to the outbreak of the pandemic. Your Company's operations, in relation to business disbursements and collections, were impacted to an extent and management of liquidity position was also challenging during that period.

The Reserve Bank of India (**"RBI"**) had risen to the occasion and supported the Indian economy by announcing moratorium on loans up to May 2020, which was further extended up to August 2020 to lessen the burden of the borrowers.

The Government of India and RBI announced various measures and relaxations to ensure that sufficient liquidity is in the hands of the businessmen and borrowers so that the negative effect of the pandemic is mitigated to some extent. Our Company also adopted a policy of moratorium and extended the benefits to our customers so as to relieve the burden of debt servicing by them, as per the approved terms of Government of India and RBI.

OPPORTUNITIES AND THREATS

During the financial year 2020-21, the automobile industry recorded a decline of 6.1 per cent in domestic sales as against 20.3 per cent reduction during the financial year 2019-20. The main reasons for fall in demand are, the pandemic, rising cost of BS VI vehicles, lack of essential electronic components affecting production and difficulty in obtaining finance for purchase of vehicles etc.

However, since our Company is principally engaged in financing of pre-owned commercial vehicles, we are unlikely to be impacted much during the financial year 2021-22, especially if the monsoon were to be normal. But the advent of the second wave of the pandemic from April 2021 till date and the threat of the third wave, has made all projections difficult.

PERFORMANCE AND FINANCIAL REVIEW

During the financial year 2020-21, your company disbursed Hire Purchase Advances to the tune of ₹ **528 crore** as against ₹ 671.32 crore in the previous financial year 2019-20, due to the lockdowns.

The total deposits held by the company as on 31st March 2021 stood at ₹ **164.38 crore**, as against ₹ 184.82 crore on the last day of previous financial year.

The total income for the financial year 2020-21 was ₹ **171.34 crore** and the net profit after tax for the year was pegged at ₹ **9.26 crore**, being 17.19 per cent lower than previous year, mainly due to increase in borrowings. The company accounted for depreciation, amortization and impairment an amount of ₹ **12.09 crore** in the statement of profit and loss.

KEY FINANCIAL RATIOS

The following are the Key Financial Ratios of the Company for the financial year 2020-21 as compared to the financial year 2019-20.

Ratios	March 2021 (%)	March 2020 (%)
Return on Net Worth	**5.56**	6.96
Capital to Risk Adjusted Ratio ("CRAR")		
- Tier I Capital	**13.05**	12.88
- Tier II Capital	**9.47**	9.03
Net Interest Income / Average Total Assets	**5.31**	5.81
Profit before Tax / Average Tax Assets	**1.03**	1.21
Total Debt / Net Worth	**6.29**	6.30
Interest Coverage Ratio	**1.12**	1.14
Gross NPA / Average Total Assets	**4.85**	4.88
Net NPA / Average Total Assets	**2.31**	2.60

RISKS AND CONCERNS

Your Company, like any NBFC, is also subject to normal industry risks faced by NBFCs such as credit, market, interest and operational risks. Your company always takes pro-active and prudent risk management practices to mitigate these risks. These risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee so that they are in line with your Company's strategic needs.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Your company has sound and adequate system of internal controls to monitor and regulate all the activities. Further, your company adheres strictly with all internal control policies and procedures and other regulatory requirements.

PROSPECTS

The second wave of the pandemic and the resultant lockdowns in the first half of financial year 2021-22 have badly affected all business parameters, across all business sectors, including your company.

The prospects for growth will depend on various factors. With the COVID-19 pandemic affecting the Indian economy under lockdown conditions, any improvement in business can take place only with the implementation of fiscal and regulatory support.

However, rural India has not been affected much by the pandemic. The expectation of normal monsoon during the year augurs well for the agricultural sector and will lead to increased commercial activities in rural areas.

The lockdowns implemented across four Southern States, both in the previous year and in the first quarter of current year, have created pent-up demand, which your company will try its best to capture in the second half of the current year.

Further, your company's focus is on financing of pre-owned Commercial Vehicles. Hence by increasing its presence in our operational areas with larger network of branches, your Company will increase its business operations and profitability in the coming years.

With the continuing support from our loyal customer base, we were able to mobilize NCDs for ₹ 198 crores as against a public issue of ₹ 100 crores, being the base issue size, during July, this year.

HUMAN RESOURCES DEVELOPMENT

For the financial year ended 2020-21, your Company had a very harmonious and cordial relationship with all its employees. There were 511 permanent employees on the rolls of the company as on 31st March 2021. The human resources policy of the Company aims to establish and build a strong performance-oriented and competency-driven culture with higher sense of accountability and responsibility among all its employees. Your Company takes concrete steps to strengthen the organizational competency through various training programmes for various levels on a regular basis for all its employees.

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

3rd September 2021
Coimbatore

Cautionary Statement

Certain statements made in the Management Discussion and Analysis Report describing the Company's objectives, predictions may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results may vary significantly from forward-looking statements contained in this report due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India, change in interest rates, new regulations and Government policies that may impact the Company's business as well as its ability to implement the strategy.

Annexure 2

POLICY ON REMUNERATION

(Forming part of Nomination and Remuneration Committee Charter)

The Remuneration policy of the Company is in consonance with the industry practices and aims to attract, retain, develop and motivate a high performance workforce. The policy ensures equality, fairness and consistency in rewarding the employees on the basis of performance. The details of Policy on remuneration for Directors, Key Managerial Personnel and other employees of the Company are given below.

"In order to identify, attract, retain and motivate competent persons, a clear relationship of remuneration to performance and a balance between rewarding short and long-term performance of the Company, the Board of Directors of the Company, as recommended by the Nomination and Remuneration Committee **("NR Committee"),** has adopted a charter on appointment and remuneration as enumerated in Section 178 of the Companies Act 2013 on 9th August 2014. The policy provides a framework for remuneration to the members of the Board of Directors, Key Managerial Personnel (**"KMP"**) and other employees of the Company".

A. Criteria for selection/appointment of and Remuneration to Non-Executive Directors

i. Criteria of selection

a. The Non-Executive Directors shall be persons of integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of finance, banking, accounts, taxation and general management.

b. In the case of Independent Directors, that the candidate, in addition to the requirements under (a) above, should satisfy the criteria of independence as stipulated in the Companies Act 2013 and the Listing Regulations.

c. The Nomination and Remuneration Committee while recommending a candidate for appointment as a Director, shall consider and get itself satisfied about:

- The candidate is qualified for appointment under Section 164 of the Companies Act 2013.
- Attributes / criteria regarding qualification and experience in relevant field
- Personal, Professional or business standing
- Requirement with respect to Board's diversity

d. In the case of re-appointment, the performance evaluation of the Director and his level of participation will be considered.

ii. Remuneration to Non-Executive Directors

The Non-Executive Directors are entitled to receive remuneration by way of sitting fees for each meeting of the Board or Committee of Board attended by them of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

They are also entitled for reimbursement of expenses in connection with participation in the Board / Committee Meetings.

The Independent Directors of the Company are not entitled for Stock Option Scheme of the Company, if any.

B. Criteria for selection/appointment of and Remuneration to Executive Directors

i. Criteria for selection/appointment

The NR Committee shall identify persons of integrity having relevant experience, expertise and leadership quality for appointment for the position of Executive Director viz. Managing Director etc. The NR Committee shall ensure that the identified persons also fulfil the conditions like age limit under the Companies Act 2013 and other applicable laws, if any.

ii. Remuneration

The Managing Director will be paid such remuneration and perquisites as may be mutually agreed upon at the time of appointment or re-appointment between the Company and the Managing Director, taking into consideration the profitability of the Company and the overall limits prescribed under the Companies Act 2013.

The remuneration of Managing Director of the Company consists of fixed remuneration and variable portion by way of commission not exceeding 5% of the net profit calculated in accordance with the Companies Act 2013.

C. Criteria for selection/appointment of and Remuneration to Senior Management Personnel

Based on the criticality of the role and responsibility of the Key Managerial Personnel (**"KMP"**), the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry benchmark and the current compensation trend in the market. The remuneration consists of fixed components like salaries, perquisites and a variable component comprising annual bonus, if declared. Based on the selection criteria laid as above and remuneration, the Committee identifies persons and recommends to the Board for consideration and appointment.

In respect of other Senior Management Employees, the NR Committee will recommend to the Board, all remuneration, in whatever form, payable to them for its approval.

Senior Management means Officers/Personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising members of Management, one level below the Chief Executive Officer/ Managing Director, including Company Secretary, Chief Financial Officer and the functional heads.

Annual increments are given on time scale basis and further increase to deserving employees based on the performance review.

CORPORATE GOVERNANCE REPORT

Annexure 3

(Pursuant to Regulation 34(3) read with Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015) (**"Listing Regulations"**)

1. **Company's Philosophy on Corporate Governance**

   Corporate Governance is a set of principles, processes and systems to be followed by Directors, Management and all the employees of the Company for enhancement of shareholders value, keeping in view the interest of other stakeholders. Integrity, transparency and compliance with regulations in dealing with members, employees, customers, lenders, regulators and government agencies are the objectives of good corporate governance. The Company adopts and practices these principles of good Corporate Governance while ensuring integrity, transparency and accountability at all levels in the organisation.

2. **Board of Directors**

   a. **Composition and Category of Directors**

   As on 31st March 2021, the Board of Directors consists of eight (8) members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director, a Whole-Time Director (Finance and Operations) and other five Non-Executive Directors, of which four are Independent Directors (including a women director), who bring in a wide range of skills, experience and expertise to the Board. The number of Independent Directors is 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in Companies Act 2013 (**"the Act"**) and Regulation 17 of the Listing Regulations.

   In accordance with Regulation 25(8) of the Listing Regulations, all Independent Directors (**"IDs"**) have confirmed that they meet the independence criteria as mentioned under Section 149 of the Act, the rules framed thereunder and Regulation 16(1)(b) of the Listing Regulations. The IDs have further stated that they are not aware of any circumstance or situation, which exist or may reasonably be anticipated that could impair or impact their ability to discharge their objective, independent judgement and without any external influence. The company has received confirmation from all existing IDs that they have registered with Independent Director's Database maintained by the Indian Institute of Corporate Affairs (**"IICA"**), Manesar, pursuant to Rule 6 of the Companies (Appointment and Qualification of Directors) Rules 2014. Based on the disclosures received from all the IDs and as determined at the meeting held on 30th June 2021, the Board is of the opinion that the IDs fulfill the conditions of independence as specified in the Act and are independent of management.

   None of the Independent Directors on the Board serve as an Independent Director in more than seven listed companies. All Independent Directors also comply with the limit of Independent Directorship as prescribed in the Listing Regulations.

   The Board of Directors and its Committees meet at periodic intervals. Policy formulation, setting up of goals and evaluation of performance and control function vest with the Board. The Board has constituted Eleven (11) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Asset Liability Management Committee, Risk Management Committee, Information Technology (**"IT"**) Strategy Committee, Finance and Investment Committee, Allotment Committee, NCD Issuance Committee and Policy Review Committee.

   The necessary disclosures regarding the committee positions have been made by the Directors. None of the Directors on the Company's Board is a member of more than ten (10) Committees and Chairman of more than five (5) Committees (the committees being Audit Committee and Stakeholders' Relationship Committee) across all Companies in which they are Directors.

   The Company has issued formal letters of appointment to the Independent Directors and the terms of their appointment are disclosed on the Company's **website, https://sakthifinance.com/board-of-directors.**

   During the financial year 2020-21, none of the Independent Directors of the Company have resigned before the expiry of their tenure. Thus, disclosure of detailed reasons for their resignation along with their confirmation that there are no material reasons, other than those provided by them is not applicable.

   During the year, the Independent Directors had a separate meeting on 30th July 2020 for the financial year 2019-20 and on 13th February 2021 for the financial year 2020-21 without the participation of Non-Independent Directors and Promoter Directors.

   Dr. M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivaasan, Director are related to each other as brothers.

   b. **Number of Board Meetings held during the year**

   During the financial year 2020-21, Eight (8) Board Meetings were held on 30th July 2020, 24th August 2020, 15th September 2020, 11th November 2020, 19th January 2021, 13th February 2021, 3rd March 2021 and 30th March 2021. The gap between two meetings is within one hundred and twenty days only. The information as required under Regulation 17(7) of the Listing Regulations is made available to the Board for discussion and consideration at Board Meetings. The Board also reviews compliance reports of all laws applicable to the company on quarterly basis. The Board of Directors have, at their meeting held on 13th February 2021, appointed a Chief Compliance Officer to oversee all the Compliance related activities.

The Company Secretary attends all the meetings of the Board and its Committees and is, *inter alia*, responsible for recording the minutes of such meetings. The draft minutes of the Board and its Committees were sent to the members for their comments in accordance with the Secretarial Standards. Thereafter, the minutes were entered in the minutes book within 30 (thirty) days of conclusion of the meetings, after incorporation of the comments, if any, received from the Directors.

Due to the Covid-19 pandemic, during the financial year 2020-21, meetings of the Board were held through video conference / physically in accordance with the provisions of law.

c. Familiarisation programme for Independent Directors

The familiarization process followed by the Company includes briefing about the Board's composition and conduct, roles, rights, responsibilities of Directors, nature of the industry, regulatory matters, details about the Company, Group and its culture. The familiarization process is disclosed at the Company's web link **https://sakthifinance.com/board-of-directors.**

d. Performance Evaluation

In terms of the requirements of the Act and Schedule II Part D to the Listing Regulations, the Board of Directors at their meeting held on 13th February 2021 carried out an annual evaluation of its own performance, its Committees and performance of individual directors, including the Chairman and of the Committees formed by the Board. The evaluation process is covered in the Board's Report. Similarly, Independent Directors reviewed the performance of the Chairman and of the Non-Independent Directors.

e. Code of Conduct

The Board of Directors have adopted a Code of Conduct and Ethics (**"the Code"**) to ensure compliance with the legal requirements and standards of business conduct. The purpose of the Code is to promote ethical conduct.

All Board Members and Senior Management Personnel of the company have affirmed compliance with the Code. A certificate to this effect, signed by Vice Chairman and Managing Director is annexed. The Code has been hosted on the website of the company, **https://sakthifinance.com/investor-information.**

f. Attendance and other Directorships

The composition of the Board of Directors, category, relationship with other Board Members, attendance at Board Meetings held during the financial year and at the last Annual General Meeting, number of other Directorships and Committee Chairmanship / Membership held are given below:

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2020-21 Attendance at		No. of other director-ships (a)	Committee position (b)	
						Chairman	Member
			Board Meeting	Last AGM	(excluding Sakthi Finance Ltd)		
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	8	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	8	Yes	9	-	3
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	7	No	6	-	2
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	8	Yes	2	-	1
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	8	Yes	3	3	-
Smt Priya Bhansali DIN : 00195848	Non-executive Director, Independent	None	8	Yes	1	-	1
Sri K P Ramakrishnan DIN : 07029959	Non-executive Director, Independent	None	8	Yes	1	-	-
Dr S Veluswamy DIN : 05314999	Director (Finance and Operations)*, Executive, Non-Independent	None	8	Yes	4	-	2

* Director (Finance and Operations), as a part of his role, discharges the functions of Chief Financial Officer as well.

a. excludes directorship in private companies, foreign companies, companies incorporated under Section 8 of the Act

b. only Audit Committee and Stakeholders' Relationship Committee of public limited companies are considered

g. The names of the listed entities (including this company), where the Directors hold Directorship in other companies as on 31st March 2021 and the category of Directorship is given below:

Name of the Director	Name of the listed entity in which Directorship is held	Category of Directorship
Dr M Manickam	1. Sakthi Finance Limited 2. Sakthi Sugars Limited 3. Kovai Medical Center and Hospitals Limited	Non-Executive, Non-independent Executive, Non-independent Independent
Sri M Balasubramaniam	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Executive, Non-independent Non-Executive, Non-independent
Sri M Srinivaasan	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Non-Executive, Non-independent Non-Executive, Non-independent
Dr A Selvakumar	1. Sakthi Finance Limited	Independent
Sri P S Gopalakrishnan	1. Sakthi Finance Limited 2. Dharani Sugars and Chemicals Limited 3. Kothari Sugars and Chemicals Limited	Independent Independent Independent
Smt Priya Bhansali	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Independent Independent
Sri K P Ramakrishnan	1. Sakthi Finance Limited	Independent
Dr S Veluswamy	1. Sakthi Finance Limited	Executive, Non-independent

h. The Board has identified the following skills/expertise/ competencies for the effective functioning of the Company.

1. Industry knowledge
2. Leadership qualities
3. Strategic thinking
4. Financial Expertise (Banking, Finance and Accounting)
5. Information Technology
6. Understanding the applicable laws, rules, regulations and policy
7. Integrity and ethical standards

i. Board Skills / Expertise / Competencies

In terms of Regulation 34(3) read with Schedule V to the Listing Regulations, the Board of Directors have identified the following core skills/ expertise/ competencies as required in the context of its business and the sector for it to function effectively and those are available with the Board. These are given below:

Name of the Director	Industry Knowledge	Leader-ship Qual-ities	Strategic Thinking	Financial Expertise	Information Technology	Understanding applicable laws, rules, regulation and policy	Integrity and ethical standards
Dr M Manickam	✓	✓	✓	✓	✓	✓	✓
Sri M Balasubramaniam	✓	✓	✓	✓	✓	✓	✓
Sri M Srinivaasan	✓	✓	✓	✓	✓	✓	✓
Dr A Selvakumar	✓	✓	✓	✓	✓	✓	✓
Sri P S Gopalakrishnan	✓	✓	✓	✓	✓	✓	✓
Smt Priya Bhansali	✓	✓	✓	✓	✓	✓	✓
Sri K P Ramakrishnan	✓	✓	✓	✓	--	✓	✓
Dr S Veluswamy	✓	✓	✓	✓	✓	✓	✓

3. COMMITTEES OF THE BOARD

A. Audit Committee

Terms of reference

The Company has adopted an amended Audit Committee Charter on 29th May 2019 which will be in line with enhanced scope for the Committee as laid down under Section 177 of the Act and Regulation 18(3) read with Part C of Schedule II to the Listing Regulations.

The terms of reference of the Committee are wide enough to cover the matters specified for Audit Committee under Regulation 18(3) read with Part C of Schedule II to the Listing Regulations as well as those in Section 177 of the Act and among other things, are as follows:

1. Examination of the financial statement and draft auditors' report.
2. Oversight of the Company's financial reporting process and disclosure of its financial information

to ensure that the financial statements are correct, sufficient and credible.

3. Recommendation for appointment, remuneration and terms of appointment of statutory auditors of the Company.
4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
5. Discuss and review, with the management and auditors, the annual/quarterly financial statements before submission to the Board, with particular reference to:
   a. Matters required to be included in the Directors' Responsibility Statement in the Board's Report in terms of sub-section (3)(c) of Section 134 of the Act.
   b. Disclosure under Management Discussion and Analysis of Financial Condition and Results of Operations
   c. Any changes in accounting policies and practices and reasons for them
   d. Major accounting entries involving estimates based on exercise of judgment by management
   e. Significant adjustments made in the financial statements arising out of audit findings
   f. Modified Opinions in the draft audit report
   g. Disclosure of any related party transactions
   h. Compliance with listing and other legal requirements relating to financial statements and
   i. Review the statement for uses/applications of funds under major categories on a quarterly basis, with the financial results and annually the statement of funds utilized for purposes other than those mentioned in the offer document/ prospectus/notice. Such review shall be conducted till the full money raised through any issue has been fully spent
6. Review the financial statements, in particular, the investments made in the unlisted subsidiary company, if any.
7. Review the utilization of the Loans / Investments by the holding company exceeding ₹ 100 crores or 10% of the asset size of the company, whichever is lower, if applicable.
8. Review the compliance with the requirements of SEBI (Prevention of Insider Trading) Regulations 2015, as amended, at least once in a year.

The committee consists of three non-executive directors of which two are Independent Directors.

The present composition of the Audit Committee, number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Dr A Selvakumar, Independent Director

Members

2. Sri M Srinivaasan, Director
3. Sri K P Ramakrishnan, Independent Director

Number of Meetings held and Attendance

The Committee held six meetings during the financial year on 30th July 2020, 24th August 2020, 15th September 2020, 11th November 2020, 13th February 2021 and 30th March 2021. The gap between two meetings is within one hundred and twenty days only.

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar	6	6
Sri M Srinivaasan	6	4
Sri K P Ramakrishnan	6	6

All the members of Audit Committee are financially literate. The minutes of Audit Committee are being placed before the Board of Directors at their meetings. The Chairman of the Audit Committee was present at the last Annual General Meeting.

B. Nomination and Remuneration Committee

The Company has adopted a revised Nomination and Remuneration Committee Charter on 29th May 2019. The role of Nomination and Remuneration Committee is as required under Section 178 of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations.

Terms of reference

The terms of reference of the Committee includes the following:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel (**"KMPs"**) and other employees and to ensure the following:
   a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors as well as KMPs of the quality required to run the company successfully;
   b. relationship of remuneration to performance is clear and meets the appropriate benchmarks; and
   c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting the short and long-term performance, objectives appropriate to the working of the Company and its goals.
2. The Nomination and Remuneration Committee determines and recommends remuneration including commission, perquisites and allowances payable to Vice Chairman and Managing Director;
3. Identifying persons who are qualified to become directors as well as those who may be appointed in

senior management in accordance with the criteria laid down;

4. Recommend on Board diversification;
5. Formulate criteria and carry out evaluation of every Director's performance;
6. Review and recommend the compensation and variable pay for Executive Directors and KMPs to the Board, remuneration payable to Senior Management; and
7. Recommend to the Board about appointment and removal of Directors and senior management personnel.

The company has complied with the mandatory requirement of Regulation 19 of the Listing Regulations regarding Nomination and Remuneration Committee.

The composition of the Nomination and Remuneration Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Sri P S Gopalakrishnan, Independent Director

Members

2. Dr A Selvakumar, Independent Director
3. Smt Priya Bhansali, Independent Director

Number of Meetings held and Attendance

The Committee held three meetings during the financial year on 30th July 2020, 24th August 2020 and 13th February 2021. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

Name	No. of meetings held	No. of meetings attended
Sri P S Gopalakrishnan	3	3
Dr A Selvakumar	3	3
Smt Priya Bhansali	3	3

Remuneration to Directors

For Vice Chairman and Managing Director

The total remuneration, as approved by the members, consists of a fixed component namely, salary, perquisites and allowances as per Company's Rules and a variable component, linked to the performance of the company, consisting of commission within the limits approved by the members.

For Director (Finance and Operations)

The total remuneration, as approved by the members, consists of a fixed component namely. salary, perquisites and allowances as per Company's Rules.

For Non-Executive Directors

Sitting fee as permitted under the Act plus reimbursement of actual travelling and out-of-pocket expenses incurred for attending such meetings. Non-Executive directors are not being paid any commission.

The Board of Directors at their meeting held on 13th February 2021 increased the sitting fees payable to Board and the other mandatory Committees to ₹ 30,000 from ₹ 20,000 and for other Committees ₹ 10,000.

The details of remuneration/sitting fee paid to the executive/non-executive directors for the financial year 2020-21 and the shares held by them are given below.

Name of the Director	Salary	Commission	Perquisites	Sitting Fee	Total	No. of equity shares held
	(₹ lakh)					
Dr M Manickam	-	-	-	1.90	1.90	92,813
Sri M Balasubramaniam	41.39	49.41	-	-	90.80	1,92,000
Sri M Srinivaasan		-	-	2.40	2.40	2,51,355
Dr A Selvakumar	-	-	-	6.00	6.00	300
Sri P S Gopalakrishnan	-	-	-	3.30	3.30	Nil
Smt Priya Bhansali	-	-	-	4.10	4.10	Nil
Sri K P Ramakrishnan	-	-	-	5.00	5.00	Nil
Dr S Veluswamy	29.46	-	1.76	-	31.22	Nil
Total					**144.72**	

Notes:

1. The present tenure of appointment of Managing Director and Director (Finance and Operations) are governed by the Articles of Association of the company and the resolutions passed by the Board of Directors and members of the company. These cover the terms and conditions of such appointments.
2. The Company has entered into agreements with Managing Director for a period of 5 years with effect from 29th September 2020 and with Director (Finance and Operations) for a period of 5 years with effect from 29th May 2019.
3. The resignation of a director becomes effective upon its acceptance by the Board.
4. No severance fee is payable to the Directors on termination of office.
5. The company has no stock option scheme either to its directors or to its employees.

6. None of the non-executive directors have any pecuniary relationship or transactions with the company.
7. No remuneration (sitting fees) payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors.

C. Stakeholders' Relationship Committee

Terms of reference

The terms of reference of this Committee are as per Part D of Schedule II B to the Listing Regulations and are given below.

a. Resolving the grievances of the security holders of the listed entity including complaints related to Transfer / Transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meeting etc.
b. Review of measures taken for effective exercise of voting rights by shareholders.
c. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by its Registrar and Share Transfer Agent and
d. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants /annual reports/statutory notices by the shareholders of the company.

The composition of the Stakeholders' Relationship Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Dr M Manickam

Members

2. Sri M Balasubramaniam, Vice Chairman and Managing Director
3. Dr A Selvakumar, Independent Director

The Committee meets to attend grievances of shareholders in connection with transfer of shares, transposition of shares and other investors' grievances.

Number of Meetings held and Attendance

The Committee held a meeting during the financial year on 8th February 2021 and the attendance of its members is given below:

Name	No. of meeting held	No. of meeting attended
Dr. M Manickam	1	1
Sri M Balasubramaniam	1	1
Dr A Selvakumar	1	1

No complaint was recevied during the financial year 2020-21. The Chairman of Stakeholders' Relationship Committee was present at the last Annual General Meeting.

Name, Designation and Address of Chief Compliance Officer

S. Venkatesh, Company Secretary

Sakthi Finance Limited
(CIN:L65910TZ1955PLC000145)
62, Dr. Nanjappa Road
Post Box No.3745, Coimbatore - 641 018
Tel : (0422) 2231471-474, 4236200
E-mail : investors@sakthifinance.com
Website : www.sakthifinance.com

D. Corporate Social Responsibility ("CSR") Committee

Terms of reference

The role of CSR Committee is to formulate and recommend to the Board, a CSR Policy which shall:

1. indicate the activities to be undertaken as specified in Schedule VII to the Act;
2. recommend the amount of expenditure to be incurred on the CSR activities;
3. to monitor the CSR Policy of the Company from time to time;
4. prepare a transparent monitoring mechanism for ensuring implementation of the projects/ programmes/activities proposed to be undertaken by the Company; and
5. to do all such acts, deeds and things as may be required in connection with the CSR activities.

The CSR Committee formulated and recommended the CSR Policy to the Board during the financial year 2020-21. The CSR Policy has been hosted on the website of the Company **https://sakthifinance.com/wp-content/uploads/2021/08/sfl_Corporate_Social_Responsibility-policy.pdf.**

Composition

The composition of CSR Committee is given below:

Chairman

1. Sri P S Gopalakrishnan, Independent Director

Members

2. Dr A Selvakumar, Independent Director
3. Sri M Balasubramaniam, Vice Chairman and Managing Director

As per the amended Section 135(5) of the Act and the CSR amount to be spent by the Company is less than the prescribed amount required to be spent, the functions of the CSR Committee will be looked after by the Board of Directors.

E. Asset Liability Management Committee

Terms of reference

The Asset Liability Management (**"ALM"**) Committee reviews the company's fiscal and risk management policies and practices adopted by the company.

The composition of the ALM Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Dr S Veluswamy, Director (Finance & Operations)
4. Sri S Senthilkumar, Deputy General Manager (F&A)

Number of Meetings held and Attendance

The Committee held four meetings during the financial year on 30th July 2020, 17th September 2020, 27th October 2020 and 12th February 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	4	4
Dr S Veluswamy	4	4
Dr A Selvakumar	4	4
Sri S Senthilkumar	4	4

F. Risk Management Committee

Terms of reference

The Risk Management Committee has been formed for the purpose of managing the inherent risks faced by the Company.

The composition of the Risk Management Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Dr S Veluswamy, Director (Finance & Operations)

Number of Meetings held and Attendance

The committee held two meetings during the financial year on 17th September 2020 and 12th February 2021 and the attendance of its members are given below.

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	2	2
Dr A Selvakumar	2	2
Dr S Veluswamy	2	2

G. Information Technology ("IT") Strategy Committee

Terms of reference

1. Providing input to other Board Committees and Senior Management.
2. Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matter related to IT Governance.
3. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
4. Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
7. Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

The composition of IT Strategy Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Dr A Selvakumar, Independent Director

Members

2. Dr S Veluswamy, Director (Finance & Operations)
3. Sri M K Vijayaraghavan, Advisor
4. Sri M Purushothaman, Associate Vice President (HR)
5. Dr N Raveendran, Sr. General Manager (EWS)

Number of Meetings held and Attendance

The committee held two meetings during the financial year on 4th September 2020 and 27th March 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar	2	2
Dr S Veluswamy	2	2
Sri M K Vijayaraghavan	2	-
Sri M Purushothaman	2	2
Dr N Raveendran	2	2

H. Finance and Investment Committee

Terms of reference

The Board of Directors at their meeting held on 12th March 2016 had authorised the committee to borrow, accept and approve sanctions/modifications of credit facilities with the bankers and other financial institutions up to an amount not exceeding ₹ 50,000 lakh and to make necessary investments in compliance with RBI Directions.

The Committee will also identify prospective investors for the securities proposed to be allotted on private placement.

The composition of the Committee, the number of meetings held and attendance of its members are given below:

Composition

Chairman

1. Dr M Manickam

Members

2. Sri M Balasubramaniam, Vice Chairman and Managing Director
3. Dr A Selvakumar, Independent Director

Number of Meetings held and Attendance

During the financial year, twenty meetings were held on 5th May 2020, 15th May 2020, 18th May 2020, 23rd May 2020, 4th June 2020, 17th June 2020, 23rd July 2020, 31st July 2020, 10th August 2020, 3rd September 2020, 7th September 2020, 3rd October 2020, 21st October 2020, 7th November 2020, 3rd December 2020, 6th January 2021, 19th January 2021, 10th February 2021, 3rd March 2021 and 22nd March 2021 for approving the borrowings / Investments of the company and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr. M Manickam	20	18
Sri M Balasubramaniam	20	20
Dr A Selvakumar	20	20

I. Allotment Committee

Terms of reference

The Committee is authorized to allot Equity Shares, Preference Shares and other debt securities and to do such acts, deeds and things as may be deemed necessary or desirable in connection with such allotment of Equity Shares and other Securities.

The composition of the Allotment Committee, the number of meetings held and attendance of its members are given below:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Sri K P Ramakrishnan, Independent Director

Number of Meetings held and Attendance

During the financial year, eighteen Meetings were held on 15th May 2020, 22nd May 2020, 30th May 2020, 2nd June 2020, 12th June 2020, 25th June 2020, 4th August 2020, 2nd September 2020, 29th September 2020, 16th October 2020, 31st October 2020, 19th November 2020, 11th December 2020, 13th January 2021, 13th February 2021, 26th February 2021, 12th March 2021 and 31st March 2021 for allotting Preference Shares and other debt securities on private placement basis and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	18	18
Dr A Selvakumar	18	16
Sri K P Ramakrishnan	18	16

J. NCD Issuance Committee

Terms of reference

This Committee is formed for the purpose of:

a. authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;

b. giving or authorizing the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;

c. appointing the lead manager(s) to the issue in accordance with the provisions of the Debt Regulations;

d. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into with various commercial and other agreements, and/or any/all government and regulatory authorities concerned in India, and/ or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;

e. deciding, approving, modifying or altering the pricing and terms of the NCDs and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board;

f. approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying it, as may be considered desirable or expedient) as finalized in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;

g. seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection therewith;

h. appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the Debt Regulations;

i. finalization of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange for receiving comments from the public and the prospectus to be filed with the Stock Exchange and any corrigendum, amendments, supplements thereto;

j. appointing the Debenture Trustees and execution of the Trust Deed in connection with the NCD Issue, in accordance with the provisions of the Debt Regulations;

k. authorization of the RTA for maintenance of register of NCD holders;

l. finalization of the basis of allotment of the NCDs including in the event of over-subscription;

m. finalization of the allotment of the NCDs on the basis of the applications received; acceptance and appropriation of the proceeds of the NCD Issue; and

n. to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and issue certificates and/or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

The NCD Issuance Committee was reconstituted at the Board Meeting held on 13th February 2021. The present composition of NCD Issuance Committee, the number of meetings held and attendance of its members are given below:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Sri M Srinivaasan, Director (up to 13th February 2021)
4. Dr S Veluswamy, Director (Finance and Operations) (From 13th February 2021)

Number of Meetings held and Attendance

During the financial year, one Meeting was held on 8th May 2020 and the attendance of its members is given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	1	1
Dr A Selvakumar	1	1
Sri M Srinivaasan*	1	1
Dr S Veluswamy**	-	-

* relinquished from the Committee from 13th February 2021

** Inducted as member from 13th February 2021

K. Policy Review Committee

Terms of reference

The Committee is formed for the purpose of reviewing all regulatory policies of the company from time to time.

The composition of the Policy Review Committee, the number of meetings held and attendance of its members are given below:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Smt Priya Bhansali, Independent Director
4. Sri K P Ramakrishnan, Independent Director

The Committee held four meetings during the financial year on 30th July 2020, 10th November 2020, 13th February 2021 and 30th March 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	4	4
Dr A Selvakumar	4	4
Smt. Priya Bhansali	4	4
Sri. K P Ramakrishnan	4	4

4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

5. GENERAL BODY MEETINGS

a. Details of date, time and venue where the last three Annual General Meetings held are given below:

Year	AGM	Date	Time	Venue
2020	63rd	17th December 2020	4.00 p.m	Conducted through Video Conference **("VC")** / Other Audio-Visual Means **("OAVM")**. Deemed location is the Registered Office of the Company situated at 62, Dr Nanjappa Road, Coimbatore – 641 018
2019	62nd	23rd September 2019	12.15 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avinashi Road, Peelamedu Coimbatore - 641 004
2018	61st	24th September 2018	12.00 Noon	

b. Details of Special Resolutions passed in the previous three Annual General Meetings are given below:

Date of AGM	Particulars of Special Resolutions passed
17th December 2020 (63rd AGM)	1. Re-appointment of Smt Priya Bhansali (DIN : 00195848) as an Independent Director 2. Re-appointment of Sri K P Ramakrishnan (DIN : 07029959) as an Independent Director 3. Re-appointment of Sri M Balasubramaniam (DIN : 00377053) as Managing Director and payment of remuneration 4. Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 15 crore 5. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures (**"NCDs"**) and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 500 crore
23rd September 2019 (62nd AGM)	1. Re-appointment of Dr A Selvakumar (DIN : 01099806) as an Independent Director 2. Re-appointment of Sri P S Gopalakrishnan (DIN : 00001446) as an Independent Director 3. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures (**"NCDs"**) and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 crore
24th September 2018 (61st AGM)	1. Continuation of Directorship of Sri P S Gopalakrishnan (DIN 00001446), Non-Executive Independent Director for the remaining period of his present tenure, from 1st April 2019 till 26th September 2019 2. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures (**"NCDs"**) and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 crore

c. No Special Resolution is proposed to be conducted through Postal Ballot as on the date of this Report.

d. None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot.

6. MEANS OF COMMUNICATION

a. The quarterly results are published in national/regional daily (**"Business Line"** in English and **"The Hindu-Tamil Thisai"** in Tamil).

b. The following are also promptly displayed on the Company's Website, **www.sakthifinance.com** and also filed with BSE Limited's on-line filing portal.

- Financial Results, Shareholding Pattern, Corporate Governance Report, Annual Reports under **"Investors Information"**.
- Letters/intimation to Stock Exchange in the **"Announcement by SFL"** under **"Investors Information"**.

7. MANAGEMENT

A detailed Management Discussion and Analysis Report forms part of the Board's Report and is given in **Annexure-1**.

8. DIRECTORS APPOINTMENT / REAPPOINTMENT / CONTINUATION

Details of disclosure regarding reappointment of a Director is given in the **Annexure** to the Notice.

9. GENERAL SHAREHOLDER INFORMATION

64th Annual General Meeting

Day, Date and Time : **Thursday, 30th September 2021 at 4.00 p.m.**

Mode : Through Video Conference (**"VC"**) / Other Audio Visual Means (**"OAVM"**)

Deemed location : Registered Office of the Company at 62, Dr. Nanjappa Road, Coimbatore - 641 018

10. FINANCIAL CALENDAR FOR 2021-22

Unaudited financial results for the quarter ended June 2021	Held on 14th August 2021
Unaudited financial results for the quarter ending September 2021	On or before 14th November 2021
Unaudited financial results for the quarter ending December 2021	On or before 14th February 2022
Audited financial results for the year ending March 2022	On or before 30th May 2022
Annual General Meeting for the year ending March 2022	On or before 30th September 2022

11. DIVIDEND PAYMENT

On or after 30th September 2021 but within the stipulated time.

12. LISTING ON STOCK EXCHANGES AND STOCK CODE

a. Listing

The equity shares are presently listed on BSE Limited, 25th Floor, P J Towers, Dalal Street, Fort, Mumbai - 400 001. The listing fee has been paid to the exchange. The company has paid the annual custodial fee for the year 2021-22 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2021

b. Details of NCDs listed with BSE Limited - NCD Public Issue 2019

As per the terms and conditions of the Public Issue Prospectus dated 28th March 2019, your company redeemed Non-Convertible Debentures issued under Options I and II aggregating ₹ 1,991.39 lakh (Principal amount). The redemption was made on 15th May 2021 to the respective Debenture holders.

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I. Secured						
III	INE302E07193	936678	9.75	Monthly	592.26	15 May 2022
IV	INE302E07201	936680	9.75*	Annual	268.93	15 May 2022
V	INE302E07219	936682	NA	Cumulative	800.13	15 May 2022
VI	INE302E07227	936684	10.00	Monthly	1,909.01	15 May 2023
VII	INE302E07235	936686	10.00*	Annual	292.14	15 May 2023
VIII	INE302E07243	936688	NA	Cumulative	1,541.34	15 May 2023
II. Unsecured						
IX	INE302E08027	936690	10.25	Monthly	2,084.53	15 June 2024
X	INE302E08035	936692	10.25*	Annual	106.70	15 June 2024
XI	INE302E08043	936694	NA	Cumulative	2,183.57	15 June 2024
Total					**9,778.61**	

c. Details of NCDs listed with BSE Limited - NCD Public Issue 2020

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I. Secured						
I	INE302E07250	937171	9.50	Monthly	1,691.11	8th May 2022
II	INE302E07268	937173	NA	Cumulative	1972.55	8th May 2022
III	INE302E07276	937175	9.75	Monthly	811.80	8th August 2023
IV	INE302E07284	937177	9.75*	Annual	141.50	8th August 2023
V	INE302E07292	937179	NA	Cumulative	793.53	8th August 2023
VI	INE302E07300	937181	10.00	Monthly	1,894.23	8th June 2024
VII	INE302E07318	937183	10.00*	Annual	248.73	8th June 2024
VIII	INE302E07326	937185	NA	Cumulative	1,129.16	8th June 2024
II. Unsecured						
IX	INE302E08050	937187	10.25	Monthly	738.88	8th July 2025
X	INE302E08068	937189	10.25*	Annual	66.60	8th July 2025
XI	INE302E08076	937191	NA	Cumulative	798.22	8th July 2025
Total					**10,286.31**	

* The interest will be calculated on quarterly compounding basis and will be paid at the end of the year.

d. Details of NCDs listed with BSE Limited - NCD Public Issue 2021

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I. Secured						
I	INE302E07334	937583	9.50	Monthly	2,948.94	29th September 2023
II	INE302E07342	937585	NA	Cumulative	3,213.84	29th September 2023
III	INE302E07359	937587	9.75	Monthly	1,663.12	29th October 2024
IV	INE302E07367	937589	NA	Cumulative	1,595.15	29th October 2024
V	INE302E07375	937591	10.00	Monthly	3,566.23	29th August 2025
VI	INE302E07383	937593	NA	Cumulative	2,106.90	29th August 2025
II. Unsecured						
VII	INE302E08084	937595	10.50	Monthly	3,088.94	29th August 2026
VIII	INE302E08092	937597	NA	Cumulative	1,670.53	29th August 2026
Total					**19,853.65**	

e. The Company's Stock Code for equity shares is as follows:

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066

f.

International Securities Identification Number (ISIN)	**INE302E01014**

g.

Corporate Identification Number (CIN)	**L65910TZ1955PLC000145**

h. Market Price Data

The monthly high and low market prices of the company's equity shares traded on BSE Limited, Mumbai for the financial year 2020-21 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2020	14.80	11.21	33,887	27,501
May 2020	14.25	12.13	32,845	29,968
June 2020	14.99	12.21	35,707	32,348
July 2020	14.95	12.30	38,617	34,927
August 2020	17.40	13.00	40,010	36,911
September 2020	18.25	14.00	39,360	36,496
October 2020	15.10	13.16	41,048	38,410
November 2020	15.85	13.10	44,825	39,335
December 2020	17.99	13.33	47,897	44,118
January 2021	17.40	14.42	50,184	46,160
February 2021	17.44	14.22	52,517	46,434
March 2021	19.40	14.25	51,822	48,236

REGISTRARS AND SHARE TRANSFER AGENTS		DEBENTURE TRUSTEE
SKDC Consultants Limited CIN : U74140MH1998PLC366529 (Unit: Sakthi Finance Limited) "Surya", 35, May Flower Avenue Behind Senthil Nagar Sowripalayam Road Coimbatore - 641 028 **Phone** : (0422) 4958995, 2539835-836 **Fax** : (0422) 2539837 **E-Mail** : info@skdc-consultants.com **Website :** www.skdc-consultants.com	**For NCD Public Issue 5** **Link Intime India Private Limited** CIN : U67190MH1999PTC118368 C - 101, First Floor 247 Park, Lal Bahadur Shastri Marg Vikhroli (West), Mumbai - 400083 **Phone** : (022) 4918 6200 **Fax** : (022) 4918 6195 **E-mail** : sakthifinance.ncd2021@linkintime.co.in **Website :** www.linkintime.co.in	**Catalyst Trusteeship Limited** CIN : U74999PN1997PLC110262 "GDA House", First Floor Plot No. 85 Bhusari Colony (Right) Paud Road, Pune - 411 038 **Phone** : (020) 66807200 **Fax** : (020) 25280275 **E-mail** : dt@ctltrustee.com **Website :** www.catalysttrustee.com

i. Share Transfer System

All transfers/transmissions/Issue of Duplicate Share certificates received are processed by the Registrar and Share Transfer Agent and are approved by the Share Transfer Committee. Share transfers are registered and returned to the shareholders within the stipulated time, if the documents are in order.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, on half-yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participant's) Regulations 2018, certificates have also been received from a Company Secretary in Practice for:

a. timely dematerialization of shares of the company; and

b. reconciliation of the share capital of the company by conducting a share capital audit on a quarterly basis.

13. DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2021

The distribution of shareholding as at 31st March 2021 is as under:

Shareholding	No. of share holders	% of share holders	No. of shares	% of shareholding
1 - 500	8,613	86.37	12,62,531	1.95
501 - 1,000	699	7.01	5,49,996	0.85
1,001 - 2,000	300	3.01	4,41,507	0.68
2,001 - 3,000	118	1.19	3,00,209	0.46
3,001 - 4,000	46	0.46	1,66,084	0.26
4,001 - 5,000	50	0.50	2,28,269	0.35
5,001 - 10,000	75	0.75	5,30,295	0.82
10,001 and above	71	0.71	6,12,26,991	94.63
Total	**9,972**	**100.00**	**6,47,05,882**	**100.00**

14. SHAREHOLDING PATTERN AS AT 31ST MARCH 2021

The shareholding pattern as at 31st March 2021 is as under:

Category	No. of Shares	Percentage
Promoters / Promoter Group	4,33,63,007	67.02
Other bodies corporate	1,12,68,047	17.41
Banks, Financial Institutions and Mutual Funds	900	0.00
Non-resident Incorporated Entity	44,50,000	6.88
Non-Resident Indians	50,533	0.08
Resident public	51,14,347	7.90
Unclaimed Shares Suspense Account	2,975	0.00
Investor Education and Protection Fund	4,56,073	0.71
Total	**6,47,05,882**	**100.00**

15. DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz. National Securities Depository Ltd (**"NSDL"**) and Central Depository Services (India) Ltd (**"CDSL"**). 5,81,92,425 Equity Shares of the Company constituting 89.934% of the paid-up equity capital were dematerialized as on 31st March 2021.

16. NOMINATION FACILITY

The company is accepting nomination forms from members in the prescribed Form SH-13. Any member, who is desirous of making a nomination, is requested to contact the Secretarial department at the Registered Office of the company or the Registrar and Share Transfer Agent. Members holding shares in dematerialized form are requested to forward their nomination instructions to the depository participant concerned. Nomination is only optional and can be cancelled or varied by the member at any time.

17. OUTSTANDING GDRs OR ADRs OR WARRANTS OR ANY CONVERTIBLE INSTRUMENT'S CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The company has not issued GDRs or ADRs or Warrants or any convertible instruments.

18. ADDRESS FOR CORRESPONDENCE

Sakthi Finance Limited
(CIN:L65910TZ1955PLC000145)
Regd. office : 62, Dr. Nanjappa Road, Post Box No.3745
Coimbatore – 641 018
Tel : (0422) 2231471-474, 4236200
E-mail : sakthif_info@sakthifinance.com, investors@sakthifinance.com
Website : www.sakthifinance.com

19. INVESTORS' CORRESPONDENCE

All investors correspondence should be addressed to the company's Registrars and Transfer Agent at the address mentioned above.

Contact Person : Sri K Marimuthu

Investors may also contact **Sri S Venkatesh, Company Secretary and Chief Compliance Officer** at the Registered Office of the company for any investors grievance related matters.

Tel. Nos : (0422) 2231471-474, 4236207 **E-mail** : svenkatesh@sakthifinance.com

The company has designated an exclusive E-mail Id for the convenience of investors: **investors@sakthifinance.com**

20. CREDIT RATING

Rating Agency	Term	Type	Rating
ICRA Limited	Short/Long Term	Fixed Deposit Programme	[ICRA] MA- (Stable)
	Long Term	Cash Credit Limits	[ICRA] BBB (Stable)
	Short Term	Working Capital Demand Loans	[ICRA] A2
	Long Term	Non-Convertible Debentures	[ICRA] BBB (Stable)

21. MANDATORY REQUIREMENT OF PERMANENT ACCOUNT NUMBER (PAN):

SEBI has, by its Circular dated 7th January 2010, made it mandatory to furnish PAN copy in the following cases:

a. Deletion of name of deceased shareholder(s), where shares are held in the name of two or more shareholders;
b. Transmission of shares to the legal heir(s), where the deceased shareholder was sole holder;
c. Transposition of shares: In case of change in order of names in which physical shares are held jointly in the name of two or more shareholders.

22. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

Pursuant to the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, the company has adopted a revised Code of Conduct to Regulate, Monitor and Report Trading by Insiders. Sri S Venkatesh, Company Secretary is the Compliance Officer. The Code of Conduct is applicable to all Directors and such designated employees of the Company and other connected persons who have access to unpublished price sensitive information relating to the company.

23. DISCLOSURES RELATING TO UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) of the Listing Regulations, the company opened a dematerialized account viz. Unclaimed Shares Dematerialized Suspense Account with Stock Holding Corporation of India Limited, Coimbatore in the name and style of "Sakthi Finance Limited-Unclaimed Shares Demat Suspense Account". The details of Unclaimed Shares Demat Suspense Account as on 31st March 2021 are as follows:

Sl No	Particulars	No. of Share holders	No. of Shares
1	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the beginning of the year	34	2,975
2	Number of shareholders who approached for transfer of shares from Unclaimed Shares Demat Suspense Account during the year	–	–
3	Number of shareholders to whom Shares were transferred from Unclaimed Shares Demat Suspense Account during the year	–	–
4	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the end of the year	34	2,975

The voting rights in the shares outstanding in the suspense account as on 31st March 2021 shall remain frozen till the rightful owners of such shares claim the shares.

24. OTHER DISCLOSURES

a. Related Party Disclosures

The details of transactions with related parties are disclosed in Note 41 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company, **www.sakthifinance.com.** The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for its information. The related party transactions entered into by the company in the ordinary course of business are periodically placed before the Audit Committee for its approval.

b. Details of Non-Compliance, Penalties and Strictures

There are no instances of non-compliance by the company on any matters relating to capital markets, nor have any penalty/strictures been imposed on the company by Stock Exchange or SEBI or any other statutory authority on any matter relating to capital markets during the last three years.

c. Whistle Blower Policy/Vigil Mechanism

The Company has adopted a Whistle Blower Policy/ Vigil Mechanism to provide a formal mechanism to the Directors, employees and other external shareholders to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The policy provides not only for adequate safeguards against victimization of employees who avail of this mechanism but also direct access to the Chairman of Audit Committee.

No personnel of the Company have been denied access to the Chairman of the Audit Committee. During the year, no complaint was received in this regard.

d. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

Our Company's operations do not give rise to any of these risks or activities.

e. Plant Locations

As the company is engaged in the business of Non-Banking Financial services, this is not applicable.

f. Details of utilization of funds raised through Preferential Allotment or Qualified Institutional Placement

During the year under review, your Company has not raised funds through any Preferential Allotment or Qualified Institutional Placement as specified under Regulation 32(7A) of the Listing Regulations.

g. Certificate from Company Secretaries regarding debarment or disqualification of Directors

M/s. S Krishnamurthy & Co, Company Secretaries, have certified that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as a Director of the Company by SEBI or Ministry of Corporate Affairs or any other statutory authority. The said certificate forms part of this report and is given in **Annexure A.**

h. Disclosure in relation to recommendation made by Committees of the Board

During the year under review, all recommendations of the Committees have been accepted by the Board.

i. Total fee paid to the Statutory Auditors and all entities in the network firm/ entities

The details of total fee for all the services paid by the Company to M/s. P K Nagarajan & Co (FRN: 016676S), Chartered Accountants, Statutory Auditors for the financial year 2020-2021 are given below:

Particulars	Amount (₹ Lakh)
Statutory Audit	16.00
Other Services including reimbursement of expenses	22.45
Total	**38.45**

j. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013

Status of complaints as on 31st December 2020 is as follows:

Number of complaints filed during the year	Nil
Number of complaints disposed of during the year	Nil
Number of complaints pending as at the end of the year	Nil

k. Accounting treatment in preparation of Financial Statements

The Company has prepared the financial statements in accordance with the Indian Accounting Standards (**"Ind AS"**) notified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015.

l. Mandatory requirements

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance.

m. Discretionary requirements

The company's status of compliance with the following discretionary requirements as specified in Regulation 27(1) read with Part E of Schedule II to the Listing Regulations are given below:

The Board	The Company does not maintain a separate office for Non-executive Chairman.
Shareholder Rights	The half-yearly financial results are published in leading newspapers and are also displayed on the Company's website, **www.sakthifinance.com.** Therefore, the results are not being sent separately to the shareholders.
Modified opinion in Auditor's Report	During the year under review, there was no Audit qualifications in the Auditor's Report on the Company's financial statements.
Reporting of Internal Auditor	The Company has appointed a Practicing Chartered Accountant as an internal auditor and he reports directly to the Audit Committee of the Company.

n. The Company is in compliance with the disclosures required to be made under this report in accordance with Regulation 34(3) read with Schedule V(C) to the Listing Regulations.

o. Disclosures on compliance with Corporate governance requirements specified in Regulations 17 to 27 have been included in the relevant Section of the report. Appropriate information has been placed on the Company's website pursuant to Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations.

p. CEO/CFO Certification

In accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations relating to CEO/CFO certification, Vice Chairman and Managing Director and Director (Finance and Operations) and CFO have given necessary certificate to the Board for the financial year ended 31st March 2021.

q. Auditor's certificate on Corporate Governance

As stipulated in Regulation 34(3) of Schedule V to the Listing Regulations, the Auditor's certificate on compliance of conditions of Corporate Governance is annexed to this Report.

r. **Information on the Company's website including composition of Committees, key policies, codes and charters, adopted by the Company are given below:**

Name of the Policy, Code or Charter	Brief description	Web Link
Terms of Appointment of Independent Directors	The appointment letter issued to Independent Directors detailing the broad terms and conditions of their appointment	https://sakthifinance.com/board-of-directors/
Board Committees	The composition of various Committees of the Board	https://sakthifinance.com/board-of-directors/
Code of Conduct	The Code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct	https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Code-of-conduct-for-Directors-and-Senior-Management.pdf
Whistleblower Policy (Vigil Mechanism)	Whistleblower Policy has been formulated for Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct	https://www.sakthifinance.com/wp-content/uploads/2019/05/SFL_Whistle_Blower_Policy_May2019.pdf
Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties	https://www.sakthifinance.com/wp-content/uploads/2019/05/SFL_RPT_Policy_May2019.pdf
Familiarisation Programme	For Independent Directors through various programmes /presentations	https://www.sakthifinance.com/wp-content/uploads/2021/04/Directors-familiarisation-Programme_31.3.21.pdf
Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company	https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf
Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes	https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategic policy on society through programmes focussing on Health, Education etc	https://sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf
Policy on Disclosure of material events	This policy provides timely, adequate and uniform dissemination of information and disclosure of Unpublished Price Sensitive information to provide accurate and timely communication to our shareholders and the financial markets	https://sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf
Investor Education and Protection Fund (**"IEPF"**)	Statement of unclaimed and unpaid amount of Dividend, Shares, Debentures and Deposits	https://sakthifinance.com/investor-information/

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

3rd September 2021
Coimbatore

ANNUAL DECLARATION BY VICE CHAIRMAN AND MANAGING DIRECTOR PURSUANT TO REGULATION 34(3) READ WITH SCHEDULE V TO THE LISTING REGULATIONS

I, M Balasubramaniam, Vice Chairman and Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct and Ethics for the year ended 31st March 2021.

For Sakthi Finance Limited

M BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

3rd September 2021
Coimbatore-18

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015

To

The Members of Sakthi Finance Limited

Certificate on Corporate Governance

1. We have examined the compliance of conditions of Corporate Governance by Sakthi Finance Limited (CIN:L65910TZ1955PLC000145) ('the Company') for the year ended 31st March 2021 as stipulated in Regulations 17 to 27, Clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ('Listing Regulations').

Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

3. Our responsibility is to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31st March 2021.
4. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('the ICAI') and as per the Guidance Note on Reports or Certificates for special purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. 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.

Opinion

7. Based on our examination of the relevant records and according to the information and explanations given to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended 31st March 2021.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P K NAGARAJAN & CO.,
Chartered Accountants
Firm Registration Number: 016676S

S P MUTHUSAMI
Partner
Membership Number: 224171
UDIN:21224171AAAAJL7486

3rd September 2021
Coimbatore

Annexure A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(In terms of Regulation 34(3) read with Schedule V Para C Clause (10)(i) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015)

To

The Members of
Sakthi Finance Limited
62, Dr.Nanjappa Road
Coimbatore - 641018

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sakthi Finance Limited (CIN: L65910TZ1955PLC000145) having registered office at 62, Dr.Nanjappa Road, Coimbatore 641 018 produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C, Sub-Clause 10 (i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

In our opinion and to the best of our information and according to the verification at MCA Portal as considered necessary and explanations furnished to us by the Company and its Officers, we hereby certify that, none of the directors on the Board of Sakthi Finance Limited (**"the Company"**) as stated below for the financial year ended as on the 31st March 2021 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (**"SEBI"**), the Ministry of Corporate Affairs, Government of India (**"MCA"**) or such other Statutory Authority.

Sl No	Name of the Director	Nature of Directorship	Director's Identification Number
1	Mahalingam Manickam	Chairman	00102233
2	Balasubramaniam Mahalingam	Vice Chairman and Managing Director	00377053
3	Srinivaasan Mahalingam	Non Executive Non Independent Director	00102387
4	Arumugam Selvakumar	Independent Director	01099806
5	Gopalakrishnan Subramaniam Puthucode	Independent Director	00001446
6	Priya Bhansali	Independent Director	00195848
7	Kollengode Padmanabhan Ramakrishnan	Independent Director	07029959
8	Sundaraswamy Veluswamy	Director (Finance and Operations)	05314999

We wish to state that the management of the Company is responsible to ensure the eligibility of a person for appointment / continuation as a Director on the Board of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S. Krishnamurthy & Co.,
Company Secretaries
R.Sivasubramanian
Partner
Membership No. A22289
Certificate of Practice No.12052
UDIN : A022289C000894215
Peer Review Certificate No. 733/2020

3rd September 2021
Coimbatore

Annexure 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES

1. **Brief outline on CSR Policy of the Company**

   Sakthi Group to which Sakthi Finance Limited (**"SFL"**) belongs, has over the years, believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism and integrity.

   The Company has adopted a CSR policy within the broad scope laid down in Schedule VII to the Act as projects/ programs/activities, excluding activities in its normal course of business.

2. **Composition of CSR Committee (as on 31st March 2021):**
   a. Sri P S Gopalakrishnan, Chairman
   b. Dr A Selvakumar, Member
   c. Sri M Balasubramaniam, Member

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company : **https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf.**

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules 2014, if applicable : Nil

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

6. Average net profits of the company as per Section 135(5) : ₹ 1,876.97 lakh

7. (a) Two percent of average net profit of the company as per Section 135(5) : ₹ 37.54 lakh
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil
   (c) Amount required to be set off for the financial year, if any : Nil
   (d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 37.54 lakh

8. (a) CSR amount spent or unspent for the financial year:

Total amount spent for the Financial Year (₹ lakh)	Amount Unspent (₹ lakh)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
37.58	(Not applicable, since there is no unspent amount)		-	-	-

(b) Details of CSR amount spent against on-going projects for the financial year: Not applicable

(c) Details of CSR amount spent against other than on-going projects for the financial year:

Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount trans--ferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing Agency	
			Yes / No	State	District		(₹ lakh)	(₹ lakh)	(₹ lakh)		Name	CSR Registration number
1	NA	Education	Yes	TN	Cbe	NA	NA	2.05	NA	Yes	NA	NA
2		Health Care	Yes	TN	Cbe			16.11		Yes		
3		Others	Yes	TN	Cbe			19.41		Yes		
	Total							**37.58**				

(d) Amount spent in Administrative Overheads : Not applicable

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 37.58 lakh

(g) Excess amount for set-off, if any : ₹ 0.04 lakh

9. (a) Details of Unspent CSR amount for the preceding three financial years: ₹ 26.34 lakh
   (b) Details of CSR amount spent in the financial year for on-going projects of the preceding financial year(s): Nil
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) : Nil
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) : Not applicable

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

3rd September 2021
Coimbatore

Annexure 5

Form No. MR-3

Secretarial Audit Report for the financial year ended 31st March 2021

[Pursuant to Section 204(1) of the Companies Act 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014]

To
The Members
SAKTHI FINANCE LIMITED [CIN:L65910TZ1955PLC000145]
62, Dr.Nanjappa Road, Coimbatore – 641018

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **SAKTHI FINANCE LIMITED** (hereinafter called "the Company") **during the financial year from 1st April 2020** to **31st March 2021** ("the year"/ "audit period"/ "period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing our opinion thereon.

We issue this report based on:

i. Our examination /verification of the physical / electronic books, papers, minute books and other records maintained by the Company and furnished to us in physical / electronic form through email, forms / returns filed and compliance related action taken by the Company during the year as well as after 31st March 2021 but before the issue of this audit report;

ii. Our observations during our visits to the Registered Office of the Company;

iii. Compliance certificates confirming compliance with all laws applicable to the Company given by the key managerial personnel / senior managerial personnel of the Company and taken on record by the Audit Committee/ Board of Directors; and

iv. Representations made, physical/electronic documents shown and information provided by the Company, its officers, agents and authorised representatives during our conduct of the Secretarial Audit.

We hereby report that, in our opinion, during the audit period covering the financial year ended on 31st March 2021, the Company has complied with the statutory provisions listed hereunder and has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this report along with our letter of even date annexed to this report as **Annexure A.**

1. Compliance with specific statutory provisions

We further report that:

1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year, according to the applicable provisions/ clauses of:

i. The Companies Act, 2013 and the rules made thereunder (**"the Act"**).

ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.

iii. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder.

iv. The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 (**"SEBI Regulations"**):

a. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**"ILDS"**)

b. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (**"SAST"**)

c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (**"PIT"**)

d. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. (**"LODR"**); and

e. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**"ICDR"**).

v. The following law is specifically applicable to the Company (Specific laws):

a. Chapter III B of the Reserve Bank of India Act, 1934 and the directions/guidelines/circulars/ notifications issued thereunder by the Reserve Bank of India (**"RBI"**) to the extent applicable to a deposit taking non-banking finance company.

vi. The listing agreement entered into by the Company with BSE Limited (**"BSE"**) (Agreement).

vii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (**"FEMA"**).

viii. Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review and also considering the compliance related action taken by the Company after 31st March 2021 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

i. Generally complied with the applicable provisions/ clauses of the Acts, Rules and SEBI Regulations mentioned under sub-paragraphs (i) and (iv)(a) to (iv)(e) of paragraph 1.1 above and applicable provisions of Secretarial Standards on Meetings of the Board of Directors (**"SS-1"**) and General Meetings (**"SS-2"**) mentioned under paragraph 1.1. (viii) above to the extent applicable to Board / Committee meetings and General meetings; and

ii. Complied with the applicable provisions / clauses of the Acts, Rules mentioned under sub-paragraphs (ii), (iii), (v), (vi) and (vii) of paragraph 1.1 above.

1.3. We are informed that, during / in respect of the year, due to non-occurrence of certain events, the Company was not required to comply with the following laws/ rules/ regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:

i. Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings (**"FEMA"**);

ii. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act 2013 and dealing with client;

iii. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;

iv. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

v. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

2. Board processes:

We further report that:

2.1 The constitution of the Board of Directors of the Company during the year was in compliance with the applicable provisions of the Companies Act 2013 (**'the Act'**) and LODR.

2.2 As on 31st March 2021, the Board has:

i. 2 [Two] Executive Directors

ii. 2 [Two] Non-Executive Non-Independent Directors

iii. 4 [Four] Non-Executive Independent Directors, including a Woman Independent director.

2.3 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:

i. Re-appointment of Sri. M. Manickam (DIN 00102233) as a Director, upon retirement by rotation at the 63rd Annual General Meeting held on 17th December 2020.

ii. Re-appointment of Smt. Priya Bhansali (DIN 00195848) and Sri. K.P. Ramakrishan (DIN 07029959) as Non Executive Independent Directors for the second term of five consecutive years from 28th September 2020 to 27th September 2025 at the 63rd Annual General Meeting held on 17th December 2020.

iii. Re-appointment of Sri. M. Balasubramaniam (DIN 00377053) as Managing Director for a period of five years from 29th September 2020 to 28th September 2025 at the 63rd Annual General Meeting held on 17th December 2020.

2.4 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.

2.5 Notice of Board meetings were sent to the directors at least seven days in advance.

2.6 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board meetings.

2.7 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

i. Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement / results, unaudited financial results and connected papers; and

ii. Additional subjects/ information/ presentations and supplementary notes.

2.8 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.9 We are informed that, at the Board meetings held during the year:

i. Majority decisions were carried through; and

ii. No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

We further report that:

3.1 There are reasonably adequate systems and processes in the Company, commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4 Specific events/ actions

4.1 During the year, the following specific events/ actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards :

i. Members have accorded their approval at the 63rd Annual General Meeting held on 17th December 2020 by way of Special Resolution to offer, issue and allot, in one or more tranches, 15,00,000 (Fifteen Lakhs Only) Redeemable, Cumulative, Preference Shares with a face value of ₹ 100 each for cash at par for an amount not exceeding ₹ 15 Crores on private placement basis to persons identified by the Board of Directors. Based on the approval, the Company has issued and allotted 11,69,000 numbers of 8.25% Redeemable, Cumulative Preference Shares with a face value of ₹ 100 on various dates during the year amounting to ₹ 11,69,00,000.

ii. Redeemed 8,35,000 numbers of 9% Preference Shares aggregating ₹ 8,35,00,000 which was issued in the year 2018.

iii. Members have accorded their approval at the 63rd Annual General Meeting held on 17th December 2020 by way of Special Resolution, to offer, issue and allot, in one or more tranches, secured or unsecured,

listed or unlisted, Redeemable, Non-Convertible Debentures (**"NCDs"**), and /or other debt securities for an amount not exceeding ₹ 500 Crores on private placement basis, during the period of one year commencing from the 63rd Annual General Meeting.

iv. Filed Prospectus for Public Issue of Secured and Unsecured, Redeemable Non-Convertible Debentures (**"NCDs"**) up to ₹ 100 Crores with an option to retain over-subscription up to ₹ 100 Crores, aggregating ₹ 200 Crores with Registrar of Companies, Tamilnadu, Coimbatore on 25th June 2021 and it has been registered with ROC on 25th June 2021. Based on this 19,85,365 numbers of Non–Convertible Debentures of ₹ 1,000 each amounting to ₹ 198.53 Crores were issued, allotted to the eligible allottees on 29th July 2021 and it has been listed and admitted for trading with BSE Limited with effect from 2nd August 2021.

v. Secured Redeemable Non-Convertible Debentures (Option I and II) allotted under Public Issue Prospectus on 28th March 2019 amounting to ₹ 19.91 Crores were redeemed on 15th May 2021.

For S Krishnamurthy & Co
Company Secretaries

R.Sivasubramanian
Partner
Membership No : A22289
Certificate of Practice No : 12052
UDIN : A022289C000894171
Peer Review Certificate No.733/2020

3rd September 2021
Coimbatore

Annexure – A to Secretarial Audit Report of even date

To
The Members
SAKTHI FINANCE LIMITED [CIN:L65910TZ1955PLC000145]
62, Dr.Nanjappa Road
Coimbatore – 641 018

Our Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31st March 2021 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2021 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal / professional opinion / certification obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as the same are being verified by and reported on by the Statutory Auditors.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co
Company Secretaries

R.Sivasubramanian
Partner
Membership No : A22289
Certificate of Practice No : 12052
UDIN : A022289C000894171
Peer Review Certificate No.733/2020

3rd September 2021
Coimbatore

Annexure 6

PARTICULARS OF EMPLOYEES

1. **Disclosure of remuneration under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

   The details of remuneration during the financial year 2021-21 as per the Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, as amended, are as follows.

   A. **Ratio of remuneration of each director to the median remuneration of the Company for the financial year 2020-21**

Sl No	Name and Designation of the Director	Remuneration for FY 2020-21 (₹ lakh)	Ratio to median remuneration
1	Dr M Manickam, Chairman	1.90	0.66:1
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	90.80	31.75:1
3	Sri M Srinivaasan, Director	2.40	0.84:1
4	Dr A Selvakumar, Director	6.00	2.10:1
5	Sri P S Gopalakrishnan, Director	3.30	1.15:1
6	Smt Priya Bhansali, Director	4.10	1.43:1
7	Sri K P Ramakrishnan	5.00	1.75:1
8	Dr S Veluswamy, Director (Finance and Operations)	31.22	10.92:1

   B. **Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year**

Sl No	Name and Designation of the Director / Key Managerial Personnel (''KMP'')	Remuneration for FY 2020-21 (₹ lakh)	% increase in remuneration in FY 2020-21
1	Dr M Manickam, Chairman	1.90	58.33
2	Sri M Balasubramaniam, Vice Chairman and Managing Director	90.80	(25.76)
3	Sri M Srinivaasan, Director	2.40	140.00
4	Dr A Selvakumar, Director	6.00	87.50
5	Sri P S Gopalakrishnan, Director	3.30	106.25
6	Smt Priya Bhansali, Director	4.10	105.00
7	Sri K P Ramakrishnan, Director	5.00	78.57
8	Dr S Veluswamy, Director (Finance and Operations)	31.22	(14.21)
9	Sri S Venkatesh, Company Secretary	15.45	(13.35)

Note: 1. Non-executive Directors were paid only sitting fees during the year

   C. **Other Information**

a	The percentage increase in the median remuneration of all employees during the financial year 2020-2021	**0.41%**
b	The number of permanent employees on the rolls of the company as on 31st March 2021	**511**
c	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in salaries of employees other than managerial personnel for 2020-21 was **5.03%**. Average Percentage (Increase/decrease) in the managerial remuneration for the year was (**17.72%**)
d	Affirmation that the remuneration is as per the remuneration policy of the company	The Company affirms that remuneration to the employees during the financial year is as per the remuneration policy of the Company

2. **Details of top ten employees (employed throughout the year in terms of remuneration drawn during the year 2020-21) pursuant to the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**

Sl No	Name and Age	Designation	Remu-neration received (₹ lakh)	Qualifications and Experience (Years)	Date of commence-ment of employment	Previous Employment
1	Sri M Balasubramaniam (62)	Vice Chairman and Managing Director	90.80	M.Com, MBA (USA) (36)	21/08/1985	Director, ABT Industries Limited
2	Dr S Veluswamy (62)	Director (Finance and Operations)*	31.22	MCom, ACS, Ph.D (40)	01/04/1994	Asst Company Secretary, Sakthi Sugars Limited
3	Dr K Natesan (62)	President (Operations)	24.90	MA, LLB, MBA, Ph.D (40)	03/04/1992	Asst Manager (Personnel), Tamilnadu Tele-communications Limited
4	Smt R Geetha (53)	Vice President (Strategic Initiatives)	23.02	MBA (30)	01/06/2019	Sakthifinance Financial Services Limited
5	Dr N Raveendran (61)	Senior General Manager (EWS)	20.71	BCom, MBA, Ph.D (40)	11/06/2009	Senior Manager (IT Services), Pricol Limited
6	Sri Rajeev Chettada Kozhipurath (50)	General Manager (EWS)	20.20	B Tech EEE (23)	02/12/2019	Head of Delivery - Race 2 cloud
7	Sri M Purushothaman (62)	Associate Vice President (HR)	19.50	BSc, MBA (38)	02/06/2010	Head - Strategic Planning, BK Group, Kolkata
8	Sri Joseph Sagayaraj (58)	General Manager (Business Risk Management)	17.69	B Com (31)	01/12/2005	Regional Credit Manager, Cholamandalam Finance and Investment Company Ltd
9	Sri S Saravanakumar (44)	General Manager (Business and Collections)	17.66	BBM, MCA (18)	05/01/2015	Zonal Manager, HDB Financial Services Ltd
10	Sri S Senthil Kumar (62)	Deputy General Manager (Finance and Accounts)	16.75	MCom, MBA, Diploma in Law (37)	11/06/2011	General Manager (Finance and Admin / Operations), Tarantella Fashions, A unit of TRADITION INTERNATIONAL, UAE

* Director (Finance and Operations), as a part of his role, discharge the functions of Chief Financial Officer as well.

Notes:

a. The above table is based on payouts made during the year.
b. Remuneration shown above includes salary, bonus, various allowances, contribution to Provident Fund, Superannuation Fund, Gratuity Fund and taxable value of perquisites calculated in accordance with the Income Tax Act / Rules.
c. None of the employees mentioned above is related to any of the Directors of the Company except Sri M Balasubramaniam, Vice Chairman and Managing Director who is related to Dr M Manickam, Chairman and Sri M Srinivaasan, Director.
d. During the Financial year 2020-21, no employee was in receipt of remuneration in excess of the Vice Chairman and Managing Director of the Company and held himself or along with his spouse and dependent children two percent or more of the equity shares of the company.
e. The appointments of Managing Director and Director (Finance and Operations) are contractual in nature.

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

3rd September 2021
Coimbatore

INDEPENDENT AUDITORS' 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, 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 (**"SA"**) 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 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.

Key Audit Matter	How the matter was addressed in Audit
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).	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 the 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 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.

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. 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 IT infrastructure and applications relevant to the financial reporting: Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines and practices. 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 updation 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.
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. The key areas of judgement include: 1. Categorisation of loans in Stage 1, 2 and 3 based on identification of: a. exposures with significant increase in credit risk since their origination and b. Individually impaired / default exposures. 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. 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 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.	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 categorisation of the loans in various stages reflecting the inherent risk in the respective loans. For a sample of financial assets, we tested the correctness of stage-wise categorisation, 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. Based on the above work performed, management's assessment of impairment loss allowance and related disclosure are considered to be reasonable.

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.	

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 Report 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 a 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 March2021 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 ₹ 500 that has not been transferred to IEPF for the reason described in Note 17 to the financial statements.

For P K Nagarajan & Co.,
Chartered Accountants
Firm Registration Number : 016676S
S P Muthusami
Partner
Membership No.224171
UDIN: 21224171AAAAHV1828

Place : Coimbatore
Date : 30.06.2021

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 services 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 become payable.

b) According to the information and explanations given to us, the following disputed statutory dues aggregating to ₹ 1,338.12 lakh that have not been deposited on account of matters pending before appropriate authorities:

Name of the Statute	Nature of Dues	Amount (₹ 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, during the year, 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.

For P K Nagarajan & Co.,
Chartered Accountants
Firm Registration Number : 016676S
S P Muthusami
Partner
Membership No.224171
UDIN: 21224171AAAAHV1828

Place : Coimbatore
Date : 30.06.2021

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) pertains 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 condition, 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For P K Nagarajan & Co.,
Chartered Accountants
Firm Registration Number : 016676S

S P Muthusami
Partner
Membership No.224171
UDIN: 21224171AAAAHV1828

Place : Coimbatore
Date : 30.06.2021

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2021

(₹ Lakhs)

Particulars	Note	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**	2,163.38
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**	6,316.65
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**	19,046.38
Sub-Ordinated Liabilities	16	**33,529.65**	29,216.13
Other financial liabilities	17	**1,672.37**	1,720.71

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	1 - 51		

As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.: 016676S

S.P. MUTHUSAMI
Partner
Membership No. 224171

Place : Coimbatore
Date : 30th June 2021

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
FCS 7012

S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN : 05314999

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		**3.52**	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		**17,132.79**	17,022.61
Other Income	26	**0.87**	0.40
Total Income		**17,133.66**	17,023.01
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		**15,876.22**	15,621.98
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		**925.79**	1,117.94
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**	22.82
- Income Tax relating to items that will not be reclassified to profit or loss		**(0.55)**	(5.98)
Sub Total (A)		**13.58**	(5.54)
(B) Items that will be reclassified to profit or loss		**-**	-
Other Comprehensive Income (A+B)		**13.58**	(5.54)
Total Comprehensive Income		**939.37**	1,112.40
Earnings per Equity Share			
Par 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.: 016676S

S.P. MUTHUSAMI
Partner
Membership No. 224171

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

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DIN : 00102233

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Company Secretary
FCS 7012

S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN : 05314999

Place : Coimbatore
Date : 30th June 2021

SAKTHI FINANCE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2021

A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note 21)

(₹ Lakhs)

Balance as at 1st April 2019	Changes in Equity Share Capital during the FY 2019-20	Balance at 31st March 2020	Changes in Equity Share Capital during the FY 2020-21	**Balance at 31st March 2021**
5,000.00	1,470.59	6,470.59	-	**6,470.59**

B. OTHER EQUITY (Refer Note 22)

Particulars	Reserves and Surplus						Items of Other Comprehensive Income		Total
	Statutory Reserves as per Section 45-IC of RBI Act 1934	Capital Reserve	Securities Premium	General Reserve	Debenture Redemption Reserve ("DRR")	Retained Earnings	Equity Instruments	Actuarial changes in defined benefit obligations	
Balance as at the beginning of reporting period 01st April 2019	**2,943.92**	**52.61**	**801.07**	**1,172.25**	**3,263.75**	**2,834.95**	**(26.54)**	**(4.54)**	**11,037.47**
Total Comprehensive Income for the year	-	-	-	-	-	1,117.94	(22.38)	16.84	1,112.40
Dividends	-	-	-	-	-	(602.78)	-	-	(602.78)
Transfer to Statutory Reserve	223.59	-	-	-	-	(223.59)	-	-	-
Securities Premium on Preferential Issue of Equity Shares	-	-	1,029.41	-	-	-	-	-	1,029.41
Transfer from Debenture Redemption Reserve to General Reserve	-	-	-	3,263.75	(3,263.75)	-	-	-	-
NCD Public Issue Expenses (net of tax)	-	-	(399.56)	-	-	-	-	-	(399.56)
Balance as at 31st March 2020	**3,167.51**	**52.61**	**1,430.92**	**4,436.00**	**-**	**3,126.52**	**(48.92)**	**12.30**	**12,176.94**
Total Comprehensive Income for the year	-	-	-	-	-	925.79	11.94	1.63	939.36
Dividends	-	-	-	-	-	(388.24)	-	-	(388.24)
Transfer to Statutory Reserve	185.16	-	-	-	-	(185.16)	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	(1.12)	-	-	-	-	-	(1.12)
Balance as at 31st March 2021	**3,352.67**	**52.61**	**1,429.80**	**4,436.00**	**-**	**3,478.91**	**(36.98)**	**13.93**	**12,726.94**

As per our report attached
For P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.:016676S

S.P. MUTHUSAMI
Partner
Membership No. 224171
Place : Coimbatore
Date : 30th June 2021

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
FCS 7012

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**	465.61
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 derecognition 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**	(127.04)
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)**	(94.37)
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)**	(13.40)
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)**	(436.35)
Interest received on Bank deposits		**31.66**	21.19
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)**	(82.08)
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**	225.65
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			
Proceeds from issue of equity shares		-	2,500.00
Issue expense of Debt Securities		(211.53)	(358.51)
Proceeds from borrowings through Debt Securities		13,474.41	11,681.70
Repayment of borrowings through Debt Securities		(16,059.38)	(9,081.08)
Proceeds from borrowings through Deposits		702.12	4,461.38
Repayment of borrowings through Deposits		(2,738.22)	(3,846.90)
Proceeds from borrowings other than Debt Securities		5,600.00	5,500.00
Repayment of borrowings other than Debt Securities		(3,870.19)	(4,580.66)
Proceeds from borrowings through Sub-Ordinated Liabilities		3,837.70	14,496.80
Repayment of borrowings through Sub-Ordinated Liabilities		(781.62)	(8,652.45)
(Increase) / decrease in loan repayable on demand		25.04	(494.37)
Lease liability paid		(152.62)	(146.76)
Dividend paid (including tax)		(388.24)	(602.78)
Net cash flows from Financing Activities	**(C)**	**(562.53)**	10,876.37
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	251.32	(2,246.98)
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 years:			
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.: 016676S

S.P. MUTHUSAMI
Partner
Membership No. 224171

Place : Coimbatore
Date : 30th June 2021

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
FCS 7012

S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN : 05314999

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. Nanjappa 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.109/22.10.106/2019-20 dated 13th March 2020 ('RBI Notification for Implementation for 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 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. 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

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 48 to the financial statements.

e. 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:

a) At amortised cost

b) At Fair Value Through Other Comprehensive Income **("FVTOCI")**

c) 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 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 to 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 as 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 remeasurements 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 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.

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 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 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 insignificant 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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
3. CASH AND CASH EQUIVALENTS		
Cash on hand	**714.34**	38.58
Balance with Banks in Current Accounts	**109.40**	97.00
Cheques, drafts on hand	**540.37**	977.21
Total	**1,364.11**	1,112.79
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked 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		
- Unsecured - Considered good	**111.14**	163.82
- Unsecured - Credit Impaired	**120.43**	146.40
Less: Impairment Allowance	**(49.16)**	(72.86)
Total	**182.41**	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) *		
Hire Purchase Loans#	**1,12,645.02**	1,08,363.51
Loans Repayable on Demand	**81.36**	1,315.22
Other Loans ##	**260.08**	358.98
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	**1,12,645.02**	1,08,363.51
(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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
(C) (i) Loans in India		
(a) Public Sector	-	-
(b) Others	**1,12,986.46**	1,10,037.71
Total (Gross)	**1,12,986.46**	1,10,037.71
Less: Impairment Loss Allowance	**(3,632.73)**	(2,991.53)
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				
Stiles 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	30,000	10	**3.00**	3.00
Sri Bhagavathi Textiles Limited	5	100	**0.04**	0.04
Sri Chamundeswari Sugars Limited	1,86,666	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)			**2,668.34**	2,659.86
(i) Investments Outside India			**–**	–
(ii) Investments In India			**2,668.34**	2,659.86
Total			**2,668.34**	2,659.86
Less: Impairment Loss Allowance			**0.06**	0.06
Total (Net)			**2,668.28**	2,659.80

In accordance with the Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016, the Company has created a floating charge on the statutory liquid assets comprising investment in Government Securities on the above investments in favour of IDBI Trusteeship 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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
8. OTHER FINANCIAL ASSETS		
- Interest accrued on Government Securities	**56.16**	56.69
- Interest accrued on Term Deposits		
- Free	**–**	–
- Under Lien (Refer Note 4)	**12.83**	11.88
- Security Deposits	**169.38**	184.43
- Other Loans and Advances	**1,562.29**	1,896.74
- Advance to Employees	**29.77**	13.64
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**	21.13
Direct operating expenses on properties not generating rental income to 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

(₹ 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 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	-	25.94	-	48.44	83.43
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	104.57	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**	**26.06**	**43.86**	**465.24**
Depreciation for the year	-	54.02	7.97	104.57	36.16	13.50	28.94	245.16
Depreciation on 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	6,316.65
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	1,428.80	-	1,406.25	-	-	-	**3,262.34**
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 2021

10 (b) Right of use Assets

(₹ Lakhs)

Particulars	Amount
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	–
Deductions	7.97
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	
As at 31st March 2020	**1,211.97**
As at 31st March 2021	**1,070.50**

10 (c) Intangible Assets under development

Particulars	Amount
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

Particulars	Amount
Carrying amount as at 1st April 2019	**261.73**
Additions	1.88
Deductions	-
Carrying amount as at 31st March 2020	**263.61**
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	
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

(₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
11. OTHER NON-FINANCIAL ASSETS		
Considered good - Unsecured :		
- Prepaid Expenses	**103.49**	112.64
- GST Input Tax Credit (Refer Note 2 (p))	**221.21**	143.34
- Debenture Issue Expenses	**268.01**	57.60
- 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**	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
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**	31,453.32
Total	**28,929.69**	31,453.32
Debt Securities in India	**28,929.69**	31,453.32
Debt Securities outside India	**–**	–
Total	**28,929.69**	31,453.32

Note: i. 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 ₹ **30,902.68 lakhs** (31st March 2020 : ₹ 30,772.56 Lakhs).

iii. For Debt securities subscribed by the related parties, Refer Note 41.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

Details of Non-Convertible Debentures - Secured : (₹ Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
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	**3,426.30**	2,804.50
Sub-Total A (ii)	**11,255.30**	8,907.00
Total A (i+ii)	**11,255.30**	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		Mora-torium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			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	**4,398.00**	-
2	600.00	7.25%	30.11.2020	30.04.2022			**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		Mora-torium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	2,500.00	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

iii) IndusInd Bank Ltd (₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3 Mths	Hypothecation of specified Hire Purchase receivables	**512.52**	634.61
2	350.00	12.00%	04.03.2020	04.06.2023	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		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	19.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta 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		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment 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 Tirunelveli/Tirupur Dist in Tamilnadu and also at Motugunda Village, Bhavnad Taluk, Jam Nagar Dist, Gujarat and guarantee by a director	**-**	**188.51**
						Add : Interest accrued but not due	**-**	**1.11**
						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		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment 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	**8.30**	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		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	2,600.00	10.71%	07.05.2017	07.04.2020	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	**-**	84.28
2	1,500.00	10.25%	07.03.2018	07.04.2021	2 Mths		**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		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	**1,330.70**	1,773.86
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**	13.33
						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		Morato-rium period	Security details	**Amount outstanding as on 31.03.2021**	Amount outstanding as on 31.03.2020
			Commence-ment 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%	14,432.38
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

(₹ Lakhs)

Particulars	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 March2021	As at 31st March 2020
Repayable on maturity:		
Interest Range 8% to 9%		
Maturing within 1 year	**8,025.57**	8,322.06
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 : ₹ 129.65 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**	835.00
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	**9,914.40**	-
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**	56.31
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

Note : Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 500 have not been remitted into Investor Education and Protection Fund, due to pending legal proceedings.

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)**	(30.64)
c. Right of Use Assets and Lease Liabilities	**(7.35)**	(6.27)
d. Application of EIR on Financial Liabilities	**96.20**	99.22
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
	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)		
	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. Sakthifinance 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. Sakthi 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. Sakthi 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.

Details of Dividends proposed

(₹ Lakhs)

Particulars	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

(₹ Lakhs)

Particulars	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	**3,352.67**	3,167.51
Capital Reserve		
Balance as at the Opening and Closing of the year	**52.61**	52.61
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	**1,429.80**	1,430.92
General Reserve		
Opening Balance	**4,436.00**	1,172.25
Add : Transfer from Debenture Redemption Reserve	**-**	3,263.75
Closing Balance	**4,436.00**	4,436.00
Debenture Redemption Reserve		
Opening Balance	**-**	3,263.75
Less : Transfer to General Reserve	**-**	3,263.75
Closing Balance	**-**	-
Retained Earnings		
Opening Balance	**3,126.52**	2,834.95
Add : Profit after tax for the year	**925.79**	1,117.94
	4,052.31	3,952.89
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	**3,478.91**	3,126.52
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	**(36.98)**	(48.92)
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	**12.30**	(4.54)
Add : Income/(Expenses) for the year	**1.63**	16.84
Closing Balance	**13.93**	12.30
Closing Balance (i) + (ii)	**(23.05)**	(36.62)
Total	**12,726.94**	12,176.94

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 III.

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 RBI 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

(₹ Lakhs)

Particulars	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	**221.17**	232.40
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**	381.66
- Stamp and documentation charges	**67.17**	102.23
Total	**313.23**	483.89
25. SALE OF POWER FROM WINDMILLS		
Income from Wind mill -Sale of Electricity	**181.07**	208.43
Total	**181.07**	208.43
26. OTHER INCOME		
- Miscellaneous income	**0.87**	0.40
Total	**0.87**	0.40
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
- Lease Liability	**29.18**	38.41
Bank Charges	**119.69**	121.62
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	**(23.69)**	11.21
Investments	**3.46**	2.80
Bad Debts	**166.76**	170.29
Total	**787.71**	729.44
There is no impairment on Financial Instruments measured at FVTOCI		
29. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	**2,386.58**	2,315.35
Contributions to Provident and Other Funds	**93.61**	98.62
Staff Welfare Expenses	**84.44**	137.59
Gratuity	**33.09**	45.09
Leave Encashment	**6.48**	36.92
Total	**2,604.20**	2,633.57

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
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**	27.96
Communication	**43.80**	73.94
Insurance	**13.22**	14.04
Travelling and Conveyance	**232.50**	395.12
Printing and Stationery	**37.58**	48.96
Power and Fuel	**28.42**	40.02
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

The Company had deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Cenvat 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 appeall before CESTAT, Chennai during the year.

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.

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	**1**	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:

I. Amount required to be spent by the company during the year: ₹ 37.54 Lakhs (FY 2019-20 : ₹ 38.53 Lakhs)

II. Amount spent during the year on: (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 41 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**	15,357.08
Tier - II Capital	**11,395.40**	10,768.57
Total Capital	**27,097.61**	26,125.65
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 :

a. preference shares other than those which are compulsorily convertible into equity;

b. revaluation reserves at discounted rate of fifty five per cent;

c. 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

d. hybrid debt capital instruments; and

e. 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 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.

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. (₹ 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**	1,112.79	-	**1,112.79**
Bank Balances other than Cash and Cash Equivalents	375.79	-	**375.79**	469.39	-	**469.39**
Receivables						
(i) Trade Receivables	182.41	-	**182.41**	237.36	-	**237.36**
(ii) Other Receivables	3.52	-	**3.52**	8.69	-	**8.69**
Other Long Term Liabilities						
Long-Term Provisions						
Loans	48,784.87	60,568.86	**1,09,353.73**	52,429.41	54,616.77	**1,07,046.18**
Investments	200.54	2,467.74	**2,668.28**	-	2,659.80	**2,659.80**
Other Financial Assets	973.64	856.79	**1,830.43**	2,163.38	-	**2,163.38**
Non-Financial Assets						
Current tax Assets (net)	-	-	**-**	36.80	-	**36.80**
Deferred tax Assets (net)	-	-	**-**	-	-	**-**
Investment Property	-	279.81	**279.81**	-	284.41	**284.41**
Property Plant and Equipment	-	6,122.29	**6,122.29**	-	6,316.65	**6,316.65**
Right of use assets	-	1,070.50	**1,070.50**	-	1,211.97	**1,211.97**
Intangible Assets under development	-	86.27	**86.27**	-	15.07	**15.07**
Other Intangible Assets	-	102.57	**102.57**	-	114.95	**114.95**
Other Non-Financial Assets	603.73	-	**603.73**	323.78	-	**323.78**
Total Assets	52,488.61	71,554.83	**1,24,043.44**	56,781.60	65,219.62	**1,22,001.22**

NOTES TO THE ACCOUNTS (Contd....)

(₹ 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
LIABILITIES AND EQUITY						
Liabilities						
Financial Liabilities						
Payables						
(I) Trade Payables						
(i) Total outstanding dues of micro enterprises and small enterprises	3.26	-	**3.26**	6.87	-	**6.87**
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	140.62	-	**140.62**	160.76	-	**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	-	**151.48**	101.99	-	**101.99**
Debt Securities	7,229.05	21,700.64	**28,929.69**	17,119.99	14,333.33	**31,453.32**
Borrowings (Other than debt securities)	17,971.25	5,087.91	**23,059.16**	17,688.72	3,529.48	**21,218.20**
Deposits	8,700.54	8,385.81	**17,086.35**	9,055.02	9,991.36	**19,046.38**
Sub-Ordinated Liabilities	524.61	33,005.04	**33,529.65**	967.45	28,248.68	**29,216.13**
Other Financial Liabilities	1,267.55	404.82	**1,672.37**	1,388.74	331.97	**1,720.71**
Non-Financial Liabilities						
Current tax Liabilities (net)	47.29	-	**47.29**	-	-	**-**
Provisions	69.07	49.02	**118.09**	72.71	49.02	**121.73**
Deferred tax Liabilities (net)	-	39.48	**39.48**	-	215.71	**215.71**
Other Non-Financial Liabilities	68.47		**68.47**	91.89	-	**91.89**
Equity						
Equity Share Capital	-	6,470.59	**6,470.59**	-	6,470.59	**6,470.59**
Other Equity	-	12,726.94	**12,726.94**	-	12,176.94	**12,176.94**
Total Liabilities and Equity	36,173.19	87,870.25	**1,24,043.44**	46,654.14	75,347.08	**1,22,001.22**

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

(₹ Lakhs)

Particulars	31st March 2020	Cash Flows	Others	31st March 2021
Debt Securities	31,453.32	(2,584.97)	61.34	28,929.69
Deposits	19,046.38	(2,036.10)	76.07	17,086.35
Borrowings Other than Debt securities	21,218.20	1,729.81	111.15	23,059.16
Sub-Ordinated Liabilities	29,216.13	3,056.08	1,257.44	33,529.65
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**	1,401 .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)**	(449.69)
	Effect of tax incentives and concessions	**-**	-
	Effect of differential tax rate	**-**	-
	Effect of interest on tax	**24.22**	-
	Tax Effect of Adjustments	**0.00**	(69.52)
5	Tax Expense/(Income)	**331.65**	283.09

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	663.41	(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	(99.22)	(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 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 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 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.

(₹ 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	**197.87**	257.25
	(i) Current service cost	**21.70**	20.79
	(ii) Past Service Cost	**-**	-
	(iii) Interest cost	**11.53**	12.19
	(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)**	(1.33)
	(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**	10.21
	(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**	12.19
	(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)**	1.33
	Actuarial (Loss)/Gain from Return on plan assets	**6.84**	31.65
	Net cost recognised 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%)**	(6.39%)
	- 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 because 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**	1.94
	(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 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 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 Gounder 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 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 S Venkatesh, Company Secretary
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, wife of Sri M Balasubramaniam Smt Samyuktha Vanavarayar, daughter of Sri M Balasubramaniam Ms Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Mr Amrith Vishnu Balasubramaniam, son of Sri M Balasubramaniam Sri M Harihara Sudhan, son of Dr M Manickam Smt Bhavani Gopal, 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 Manage-ment Personnel	Relatives of Key Manage-ment 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 Sanmarga Nilayam	3.19	-	-	**3.19**	4.53
	Interest Income					
	ABT Industries Ltd.	78.65	-	-	**78.65**	9.72
2	**Expenses**					
	Purchase of fuel					
	N.Mahalingam & Co	7.47	-	-	**7.47**	11.56
	Rent paid					
	M.Balasubramaniam	-	-	-	**-**	1.20
	Smt.Vinodhini Balasubramaniam	-	-	2.40	**2.40**	1.20
	M. Srinivaasan	-	63.72	-	**63.72**	56.64
	ARC Retreading 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**	22.19
	Sakthi Sugars Ltd. (Om Sakthi)	3.60	-	-	**3.60**	2.42
	CSR Expenses					
	Ramanandha 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**	2.35
	S.Venkatesh	-	1.14	-	**1.14**	1.18

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 Manage-ment Personnel	Relatives of Key Manage-ment 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.Venkatesh	-	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 Sanmarga 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 Manage-ment Personnel	Relatives of Key Manage-ment Personnel	For the year ended 31st March 2021	For the year ended 31st March 2020
	Sri P S Gopalakrishnan	-	10.00	-	**10.00**	-
	Smt Vinodhini Balasubramaniam	-	-	80.00	**80.00**	70.00
	Smt Samyuktha Vanavaraayar	-	-	75.00	**75.00**	75.00
	Ms Shruthi 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 Bhansali	-	-	10.00	**10.00**	-
	Investment in Deposits:					
	Bhavani Gopal	-	-	-	**-**	20.00
	Amrith Vishnu Balasubramaniam	-	-	-	**-**	8.83
	M. Harihara Sudhan	-	-	7.74	**7.74**	6.64
	Investment in SD Bonds:					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	**10.00**	10.00
	Ms.Shruthi Balasubramaniam	-	-	10.00	**10.00**	10.00
	Liabilities for Expenses Payable:					
	ABT Ltd	3.79			**3.79**	3.79
	ABT Industries Ltd	7.97			**7.97**	-
	ARC Retreading Company Pvt Ltd	0.19			**0.19**	0.16
	Nachimuthu Industrial Association	3.26	-	-	**3.26**	6.87
	N.Mahalingam and Co	0.98			**0.98**	-
	Sakthi Sugars Ltd.	0.66	-	-	**0.66**	0.21
	M.Srinivaasan	-	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, whereas 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 :

(₹ Lakhs)

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**	78,498.26	11,999.70	4,651.47	95,149.43
New business - net of recovery	**49,384.44**	**1,458.82**	**–**	**50,843.26**	55,339.50	7,571.34	122.41	63,033.25
Transfer due to change in credit worthiness								
Stage 1	**3,455.57**	**(3,414.05)**	**(41.52)**	**–**	3,089.84	(2,988.08)	(101.76)	–
Stage 2	**(6,197.08)**	**6,303.02**	**(105.94)**	**–**	(7,093.80)	7,128.68	(34.88)	–
Stage 3	**(1,203.51)**	**(1,007.37)**	**2,210.88**	**–**	(848.48)	(930.33)	1,778.81	–
Financial Assets that have been derecognised	**(37,016.55)**	**(9,397.49)**	**(1,313.70)**	**(47,727.74)**	(40,190.95)	(6,449.54)	(1,334.20)	(47,974.69)
Write off during the year	**(21.23)**	**(6.80)**	**(138.74)**	**(166.77)**	(59.28)	(12.18)	(98.82)	(170.28)
Balance at the end of the year	**97,136.73**	**10,255.72**	**5,594.01**	**1,12,986.46**	88,735.09	16,319.59	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**	139.53	269.59	2,086.19	2,495.31
New business - net of recovery	**36.00**	**35.59**	**–**	**71.59**	52.69	184.75	29.40	266.84
Transfer due to change in credit worthiness								
Stage 1	**12.14**	**(11.90)**	**(0.24)**	**–**	2.80	(2.62)	(0.18)	–
Stage 2	**(179.80)**	**183.19**	**(3.39)**	**–**	(109.64)	110.36	(0.72)	–
Stage 3	**(247.36)**	**(237.62)**	**484.98**	**–**	(275.80)	(330.81)	606.61	–
Financial Assets that have been derecognised	**413.18**	**7.18**	**259.03**	**679.39**	287.70	94.87	(67.29)	315.28
Write off during the year	**(0.56)**	**(2.24)**	**(106.98)**	**(109.78)**	(0.16)	(3.41)	(82.33)	(85.90)
Balance at the end of the year	**130.72**	**296.92**	**3,205.09**	**3,632.73**	97.12	322.73	2,571.68	2,991.53

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	92,271	85,435
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	9,173	8,603
Construction Equipment	2,435	2,000
Machinery	689	649
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	3,902.83	3,816.16	8,328.95	–	–	**17,435.40**
Borrowings	5,377.82	2,759.84	18,062.21	33,921.95	25,628.35	–	**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	937.19	-	101.20	-	-	-	**1,038.39**
Loans	12,837.84	12,406.18	23,540.85	54,996.22	5,098.34	474.30	**1,09,353.73**
Investments	-	-	200.54	1,073.17	613.44	781.13	**2,668.28**
Other financial assets	864.33	217.19	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	14,368.29	31,538.80	178.11	**82,241.18**
Foreign Currency Assets	–	–	–	–	–	–	–
Foreign Currency Liabilities	–	–	–	–	–	–	–
Total	**17,323.78**	**4,709.39**	**23,777.35**	**24,358.79**	**31,538.80**	**178.11**	**1,01,886.22**
Financial Assets							
Cash and cash equivalents	38.58	-	-	-	-	-	**38.58**
Bank balances	1,303.42	-	240.18	-	-	-	**1,543.60**
Loans	14,140.05	14,421.83	23,867.52	48,870.07	5,681.93	64.78	**1,07,046.18**
Investments	-	-	-	522.82	2,058.25	78.73	**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 at fixed rates.

The interest rate profile of the interest bearing financial instruments is as follows

(₹ Lakhs)

Particulars	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**	31,554.05
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 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)	+82	(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	375.79	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	28,929.69	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	1,672.37	-	1,672.37	-

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	2,619.44	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	31,453.32	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-Ordinated 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 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.

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

(₹ Lakhs)

	Particulars	31st March 2021	31st March 2020
(a)	Depreciation charge for Right-of-Use Assets	**144.30**	144.84
(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 an 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	
		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	29,112.04	182.35
	: Unsecured (Other than falling within the meaning of Public deposit)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	5,568.31	-
	(d) Inter-Corporate loans and borrowing	2,925.80	-
	(e) Commercial paper	-	-
	(f) Public Deposits	17,435.40	349.05
	(g) Sub-Ordinated Debts	31,736.72	49.32
	(h) Other Loans - Cash Credit	14,565.05	-
(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	6,510.56	-
	(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	17,435.40	349.05
	(d) Sub-Ordinated Debts	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**
	(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		1,12,435.69
	(b) Repossessed Assets		209.33
	(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)

(5)	**Break-up of Investments:**	**As at 31st March 2021**
	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	**52.30**
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	**2,577.61**
	(v) Others	
	2. Unquoted :	
	(i) Shares : (a) Equity	**38.37**
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-

(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	**140.14**	**14.17**	**154.31**
	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 (Net of provisions)
		31st March 2021	31st March 2021
	1.Related parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same group	87.66	87.62
	(c) Other related parties	-	-
	2. Other than related parties	2,568.00	2,580.66
	Total	2,655.66	2,668.28
(8)	**Other information**		
	Particulars		Amount
	(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 acquired 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	2,659.86
	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 derivaties 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	Upto 30/31 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	634.28	473.32	279.86	3,902.83	3,816.16	8,328.95	-	-	**17,435.40**
(ii)	Advances	4,243.23	4,321.44	4,273.17	12,406.18	23,540.85	54,996.22	5,098.34	474.30	**109,353.73**
(iii)	Investments	-	-	-	-	200.54	1,073.17	613.44	781.13	**2,668.28**
(iv)	Borrowings	1,463.60	2,937.57	976.65	2,759.84	18,062.21	33,921.95	25,628.35	-	**85,750.17**
(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	Upto 30/31 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	926.78	561.87	431.84	2,964.92	4,769.13	9,990.50	-	-	**19,645.04**
(ii)	Advances	4,596.17	4,844.33	4,699.55	14,421.83	23,867.52	48,870.07	5,681.93	64.78	**1,07,046.18**
(iii)	Investments	-	-	-	-	-	522.82	2,058.25	78.73	**2,659.80**
(iv)	Borrowings	1,307.32	13,571.99	523.98	1,744.47	19,008.22	14,368.29	31,538.80	178.11	**82,241.18**
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

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
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		

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) A2

Migration of ratings during the year : NIL

(v)	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
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	**3.46**	2.80
b	Provision towards NPA	**641.18**	545.14
c	Provision for Standard Assets	**-**	-
d	Provision made towards Income Tax	**331.65**	283.09
e	Other Provision 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**	586.56
	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**	1,849.78
	Percentage of Advances to twenty largest borrowers to Total Advances	**1.43%**	1.71%
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 NBFC on borrowers / customers	**0.93%**	1.06%
d	Concentration of NPAs:		
	Total Exposure to top four NPA accounts	**72.28**	56.94
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
f	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**	2,736.88
	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)	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	-	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
1	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*	31,736.72	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	11,954.83	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	13.89%
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 of 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....)

S. 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)	-	3,354.71	-	3,133.61	-	3,009.53	-	3,354.38
	Cash Outflows:								
2	Deposits (for deposit taking companies)	905.48	1,041.31	1,537.67	1,768.32	1,607.84	1,849.02	1,153.12	1,326.09
3	Unsecured wholesale funding	176.21	202.64	110.36	126.91	52.49	60.36	46.53	53.51
4	Secured funding	4,287.00	4,930.05	764.66	879.36	1,023.22	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	1,815.91	2,088.30	1,317.63	1,515.27	653.05	751.01	687.14	790.21
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	**TOTAL CASH OUTFLOWS**	**7,184.60**	**8,262.30**	**3,730.32**	**4,289.86**	**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	3,974.76	4,814.06	3,610.54	5,053.21	3,789.91
11	Other cash inflows	-	-	-	-	-	-	-	-
12	**TOTAL CASH INFLOWS**	**5,067.17**	**3,800.38**	**5,299.68**	**3,974.76**	**4,814.06**	**3,610.54**	**5,053.21**	**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**		**1,072.47**		**959.27**		**801.23**
15	**LIQUIDITY COVERAGE RATIO (%)**		**75.19%**		**292.19%**		**313.73%**		**418.65%**
	Components of HQLA								
	- Cash on Hand		54.72		378.03		327.15		416.81
	- Balances with Banks		1,245.59		701.18		627.98		883.17
	- 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	135	832.30	-	-	83.23
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**135**	**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 benefits was extended as on 31st March 2021, net 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 .109/22.10.106/2019-20 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	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	(1.92)
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,384.58	556.70	1827.88	335.43	221.27
Doubtful - up to 1 year	Stage 3	757.47	469.67	287.80	385.76	83.91
1 to 3 years	Stage 3	85.62	19.06	66.56	22.17	(3.11)
More than 3 years	Stage 3	53.69	6.75	46.94	15.17	(8.42)
Sub-Total for doubtful assets		896.78	495.48	401.30	423.10	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 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	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**

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. Inpursant 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 P.K.Nagarajan & Co
Chartered Accountants
Firm Regn. No.: 016676S

S.P. MUTHUSAMI
Partner
Membership No.224171

Place : Coimbatore
Date : 30th June 2021

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
FCS 7012

S. VELUSWAMY
Director (Finance & Operations) & CFO
DIN : 05314999

BRANCH NETWORK

Branch Offices		Address	Fax		Phones	
TAMILNADU						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900
Chennai	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dharmapuri	636 701	No.117/11Q , First Floor, Nethaji Bye-pass Road, Opp. Govt. Medical College Hospital			04342	270888
Dindigul	624 002	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	92/3 First Floor, K.K.Complex, Bagalur Road			04344	241142
Kallakurichi	606 202	Gopuram Towers, Second Floor, 59/5, Durgam Road			04151	223567
Kanchipuram	631 501	14/69, Opp. Santhana Krishna Silk Street, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 002	45, First Floor, Subramaniapuram, 4th Street South			04566	227204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E, Second Floor, Dr. Besant Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Mettupalayam	641 301	Sundaram Type Office Complex, 41/1-A Annur Main Road			04254	224686
Nagercoil	629 001	No. 93/1A, Sarguna Veethi, Chettikulam Junction			04652	222008
Namakkal	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road, Opp. Old RTO Office			04286	275125
Perambalur	621 212	No.71, Second Floor, Deenadayalan Commercial Complex, Trichy Road, Venkatesapuram			04328	225570
Pollachi	642 001	No.33, First Floor, Coimbatore Main Road, Near Ramanathan Medicals			04259	225004
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 004	215/4, Abiroopa Towers, Second Floor, Kuruvangu Chavadi, Omalaur Main Road			0427	2448840
Sankagiri	637 301	No.1/14/18. D6 F, Settia Gounder Complex-C, Bhavani Main Road			0428	3240270
Sivakasi	626 123	100/A4, First Floor, Marutham Hotel Upstairs, Opp. Bell Hotel, Thiruthangal Road			04562	227226
Theni	625 531	No.15-1-60, Devi Towers, Cumbam Road, Union Bank Upstairs, P.C. Patti			04546	264955
Tirunelveli	627 002	10-A/1, Trivandrum Road			0462	2502989
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Bangla Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2741959
Tuticorin	628 003	138, Ground Floor, Palayamkottai Road, AVM Hospital Building, Near REPCO Bank			0461	2323977
Vellore	632 006	No. 97, Second Floor, First West Main Road, Gandhi Nagar			0416	2243653
Puducherry	605 011	No. 94, Kamaraj Salai, Near Jeeva Rukmani Theatre			0413	2213786
KERALA						
Alapuzha	688 011	1st Floor, Ratna Arcade, Amman Kovil Street, Mullackal			0477	2260111
Ernakulam	682 016	New No.: 61/3537 (Old No: 61/3633-C), Second Floor, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings, Second Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB–5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 601	No.1x572/E, Madappallil Building, Room No. : 572E, Sastri Road			0481	2564167
Kozhikode	673 004	5/2248-D, Indira Gandhi Road, Noble Building	0495	2720414	0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.XXIII/392, 392(A), NH 49, Kottayil Buildings, Velloorkunnam, Market PO			0485	2812465
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303(4), Kottaramattam			04822	210930
Palakkad	678 007	12/872, First Floor, KAV Central, Chandranagar Post			0491	2573232
Pathanamthitta	689 645	PMC IX /1128, 13(E), First Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Thrissur	680 001	DAZE Towers, Second Floor, Marar Road			0487	2440294
Vadakara	673 101	No.25/125-A, Elite Building, Second Floor, Opp. Keerthi Mudra Theatre, Edodi			0496	2515632
KARNATAKA						
Bengaluru	560 001	No.206, Second Floor, Blue Cross Chamber, No. 11, Infantry Road Cross			080	25583365
JP Nagar, Bengaluru	560 078	No.57-132-4, 2nd Cross, Seventh Main, KSRTC Layout, 2nd Phase, JP Nagar			080	26583364
Mangaluru	575 002	No.205, Second Floor, Mangalore Gate, Near Kankanady Bus Stand			0824	2434811
MAHARASHTRA						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
ANDHRA PRADESH						
Rajahmundry	533 103	79-16-12/2, Third Floor, E & S Reddy Complex, Tilak Road, Behind Aryapuram Co-op Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59–14–5, 5th Floor, BSR Plaza, NH – 5, Opp. Stella College, Ring Road			0866	2476333
Visakhapatnam	530 016	No.47-3-7, Roshni Enclave, 1st Floor, G-4, Nehru Bazar Road, 5th Lane, Dwarakanagar	0891	2550060	0891	2550060
NEW DELHI	110 057	No.149, Vasant Enclave			011	26141165

FOR HOLDERS OF SHARES IN PHYSICAL FORM

SKDC Consultants Limited
(Unit: Sakthi Finance Limited)
"Surya", 33, May Flower Avenue, Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028

NATIONAL ELECTRONIC FUND TRANSFER (NEFT) - MANDATE FORM

1. Shareholder's Name : _____
2. Folio Number : _____
3. Number of Shares : _____
4. Bank Name : _____
5. Branch Name, Address and : _____

   Telephone No. _____
6. Permanent Account Number (PAN) : _____
7. Bank Account Number (10-Digit or more number only) : _____
8. Account type :
9. 9-Digit Code Number of the Bank and Branch appearing on the MICR cheque issued by the Bank : _____
10. 11-Digit IFS Code : | | | | | | | | | | | |
11. Contact Number : | | | | | | | | | | | |

I agree to avail the NEFT introduced by RBI with respect to payment of dividend to me.

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons beyond the control of the Company, I would not hold Sakthi Finance Limited responsible.

Date ..... Signature of the Sole/First Shareholder

(Please attach (i) self-attested photo copies of any two of your Passport / PAN Card / Driving License / Voter's Identity Card towards proof of identification and (ii) a blank cancelled cheque or photo copy of a cheque issued by your Bank for verification of the 9-digit code Number provided above)

FOR THE ATTENTION OF HOLDERS OF SHARES IN PHYSICAL FORM

It is advised that the shares may be dematerialized with any of the depository participants at the earliest. This will be convenient for the holders of shares to effect any transfer or transmission instantly.

Hence in the interest of the share holders, the company strongly recommends for dematerializing the shares with any of the depository participants.

Meanwhile, for the holders of shares in physical form, to provide faster credit of dividend to their account, such holders of shares are advised to provide information in the appended form.

E-MAIL ADDRESS REGISTRATION FORM

(In terms of Circular Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively issued by Ministry of Corporate Affairs, Government of India)

(For shareholders who hold shares in physical form)

SKDC Consultants Limited
(Unit: Sakthi Finance Limited)
"Surya", 33, May Flower Avenue
Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028

I/We, Member(s) of Sakthi Finance Limited, hereby give my/our consent to receive electronically Annual Report(s), Notice(s) of General Meeting(s) and other document(s) that the Ministry of Corporate Affairs may allow them to be sent in electronic mode.

I/We request you to note my/our e-mail address as mentioned below. If there is any change in the e-mail address, I/We will promptly communicate it to you.

Folio No.	
Name of the Sole/First Shareholder	
E-mail address (to be registered)	

Place :

Date : (Signature of Sole / First Shareholder)

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members.

To support this green initiative of the Government:

a. members holding shares in electronic form are requested to register their e-mail addresses in respect of their holdings through their Depository Participants concerned.

b. members who hold shares in physical form are requested to fill in and forward the E-mail Address Registration Form as appended above of this Annual Report to

SKDC Consultants Limited, Registrars and Share Transfer Agents, "Surya", 33, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028

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