

SFL:BSE:AGM2024:131:2024-25

17th August 2024

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

On-line submission through Listing Centre

Dear Sir / Madam,

**Annual Report for the financial year ended 31st March 2024 and Annual General Meeting updates**

1. We request you to refer our letter no. SFL: BSEBM:119:2024-25 dated 8th August 2024 regarding the convening of the 67th Annual General Meeting ("**AGM**") of the Company on **Tuesday, 10th September 2024 at 11.00 a.m ("IST")** through Video Conferencing ("**VC**"), in compliance with the relevant 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. Pursuant to Regulations 34, 53 and 58 of the Listing Regulations, we submit an electronic copy of the Annual Report 2024 along with the Notice convening the 67th AGM of the Company.
3. The electronic copies of the AGM Notice and the Annual Report 2024 is being circulated today to all the members holding shares in dematerialized form, whose e-mail address is registered with their respective Depository Participants ("**DP**") as well as to the members holding shares in physical form, whose e-mail address is registered with the Company/ Registrar and Share Transfer Agent of the Company for communication purposes. The Annual Report 2024 is being circulated today to all the Non-Convertible Debenture Holders also. The Annual Report 2024 along with AGM Notice is being uploaded in the website of the Company at **www.sakthifinance.com**. In view of the exemptions provided by MCA / SEBI, no physical or hard copies of the AGM Notice and the Annual Report 2024 have been circulated to the members.
4. Members of the Company who have not registered their e-mail address with the Company were informed by a public notice in newspapers dated **Thursday, 15th August 2024** about the process for registration of their e-mail address to receive the AGM Notice, Annual Report 2024 and the log-in credentials for participating in the AGM through VC/OAVM facility. Detailed instructions are also given in the AGM Notice.



Sakthi Finance Limited

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

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

5. As per Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules 2014, as amended from time to time and the provisions of Regulation 44 of the 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 facility.
6. In compliance of 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 in the websites of Depositories / Depository Participants ("**DPs**"). The process and manner of remote e-voting in terms of above SEBI Circular is set out in the AGM Notice.
7. The remote e-voting period commences on **Saturday, 7th September 2024 (9.00 a.m. IST)** and concludes on **Monday, 9th September 2024 (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. **Tuesday, 3rd September 2024** 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, i.e., **Tuesday, 3rd September 2024**. The AGM Notice contains the detailed procedure for remote e-voting and e-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**.
10. We now request you to take the documents / information on record

We request you to take the documents on record.

Yours faithfully  
For Sakthi Finance Limited

  
C Subramaniam  
Company Secretary and  
Compliance Officer  
FCS 6971



Encl: (1)

67TH  
ANNUAL  
REPORT  
2023-24



FIND PURPOSE.  
SAKTHI WILL FOLLOW.

**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

**CHIEF FINANCIAL OFFICER**

Sri Srinivasan Anand (*Up to 30th June 2024*)  
 Sri Sundaramurthy Kumarasamy (*w.e.f. 1st July 2024*)

**COMPANY SECRETARY**

Sri C Subramaniam

**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**
**LINK INTIME INDIA PRIVATE LIMITED**
**Branch Office at :**

"Surya", 35, May Flower Avenue, Behind Senthil Nagar  
 Sowripalayam Road, Coimbatore - 641 028  
**Phone** : (0422) 4958995, 2539835-836  
**E-mail** : coimbatore@linkintime.co.in  
**Website** : www.linkintime.co.in

**DEBENTURE TRUSTEE**
**CATALYST TRUSTESHIP LIMITED**

"GDA House", First Floor,  
 Plot No. 85, Bhusari Colony (Right)  
 Paud Road, Pune - 411 038  
**Phone** : (020) 66807200  
**Fax** : (022) 49220505  
**E-mail** : dt@ctltrustee.com  
**Website** : www.catalysttrustee.com

**BANKERS**

State Bank of India  
 Central Bank of India  
 The Karur Vysya Bank Limited  
 The Karnataka Bank Ltd  
 Indian Overseas Bank  
 Bank of India

**STATUTORY AUDITORS**

M/s. CSK Prabhu & 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 Seventh (67th) Annual General Meeting ("AGM") of the members of the Company will be held on **Tuesday, 10th September 2024 at 11.00 a.m ("IST")** through Video Conference ("VC") / Other Audio Visual Means ("OAVM") to transact the following business.

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

### ORDINARY BUSINESS

#### 1. Adoption of Audited 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 2024 and the attached Reports of the Board of Directors and Auditors be and are hereby considered and adopted.

#### 2. Confirmation of Interim Dividend on Redeemable, Cumulative, 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 ₹ 8.25 per share (8.25%) on 10,36,000 Redeemable, Cumulative, Preference Shares of ₹ 100 each declared by the Board of Directors on 8th February 2024, an Interim Dividend of ₹ 8.25 per share (8.25%) on 4,64,000 Redeemable, Cumulative, Preference Shares of ₹ 100 each and an Interim Dividend of ₹ 9 per share (9%) on 14,39,150 Redeemable, Cumulative, Preference Shares of ₹ 100 each declared by the Board of Directors on 27 March 2024 for the financial year ended 31st March 2024 on pro rata basis and paid 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 ₹ 0.80 (8%) per equity share, as recommended by the Board of Directors, be declared for the financial year ended 31st March 2024 on 6,47,05,882 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 **Tuesday, 3rd September, 2024**.

#### 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 resolutions as **Ordinary Resolutions**:

**RESOLVED THAT** pursuant to Sections 139, 141, 142 and other applicable provisions, if any, of the Act read with the Companies (Audit and Auditors) Rules 2014, RBI Circular No.RBI/2021-22/25 Ref. No. DoS. CO.ARG/ SEC.01/ 08.91.001/2021-22 dated 27 April 2021 issued by Reserve Bank of India ("RBI") on "Guidelines for Appointment of Statutory Central Auditors (SCAs) / Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCS (including HFCs)" ("RBI Guidelines") (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee, M/s. P N Raghavendra Rao & Co, Chartered Accountants (ICAI Firm Registration No: 003328S), be and is hereby appointed as Statutory Auditors of the Company to hold office for a term of three (3) consecutive years from the conclusion of the 67th AGM till the conclusion of the 70th AGM of the Company on such remuneration plus out of pocket expenses, if any, as may be mutually agreed between the Board of Directors and the Statutory Auditors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and are hereby authorized to do all such 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. Appointment of Sri. M Bhaskar (DIN: 02919393) as an Independent Director of the Company

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act 2013 ("the Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules 2014 and pursuant to Regulations 17 and 25 and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations"), as amended from time to time and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, Sri. M Bhaskar (DIN: 02919393), who was appointed as an Additional Director of the Company with effect from 8th August 2024 as per Section 161(1) of the Act and Article 81(a) of the Articles of Association of the Company in the

category of Non-Executive Independent Director and who has submitted a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 161 of the Act proposing the candidature of Sri. M Bhaskar for the office of the Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, for a term of five (5) consecutive years commencing from 8th August 2024 to 7th August 2029 (both dates inclusive), not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to the above resolution.

**7. Appointment of Sri. Advait Kurlekar (DIN: 00808669) as an Independent Director of the Company**

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

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("**the Act**") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules 2014 and pursuant to Regulations 17 and 25 and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended from time to time and pursuant to the recommendation of the Nomination and Remuneration Committee and Board of Directors of the Company, Sri. Advait Kurlekar (DIN: 00808669), who was appointed as an Additional Director of the Company with effect from 8th August 2024 as per Section 161(1) of the Act and Article 81(a) of the Articles of Association of the Company in the category of Non-Executive independent Director and who has submitted a declaration that he meets the criteria of Independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 161 of the Act proposing the candidature of Sri. Advait Kurlekar for the office of the Director, be and is hereby appointed as a Non-Executive Independent Director of the Company, for a term of five (5) consecutive years commencing from 8th August 2024 to 7th August 2029 (both dates inclusive) not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required to give effect to the above resolution.

**8. Issue of Secured Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 500 crores**

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 Companies Act 2013 ("**the Act**") (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 ("**the Rules**") and in accordance with the provisions of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 (including any statutory modification(s) or re-enactment thereof for the time being in force) ("**NCS Regulations**") read with the Master Circular, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**") read with Master Circular for issue and listing of Non-Convertible Securities, Securitised Debt Instruments, Security Receipts, Municipal Debt Securities and Commercial Papers and other Circulars, guidelines and notifications issued by Securities and Exchange Board of India ("**SEBI**") as applicable, Master Direction - Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulations) Directions 2023 ("**RBI-MD-SBR**") read with the circulars, notifications and guidelines issued by Reserve Bank of India, if applicable (including any statutory modification(s) or re-enactment(s) thereof, for time being in force), Reserve Bank of India (Commercial Papers and Non-Convertible Debentures of original maturity up to one year) Directions 2024 ("**RBI Master Directions**"), the Memorandum and Articles of Association of the Company and subject to such other approvals as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**") which term shall be deemed to include any Committee duly constituted / authorized Committee of the Board) to make invitation(s), to subscribe and offer(s), issue and allot, Listed, Secured, Redeemable, Non-Convertible Debentures ("**NCDs**"), and/or other Debt Securities etc. on private placement basis, at such face value as may be permissible under the Act and RBI directions on private placement basis, for cash at par, premium and discount, in one or more tranches, for an amount not exceeding ₹ 500 crores, within the overall borrowing limits of the Company approved by the members

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

- decide whether to issue NCDs, in one or more series or tranches;
- decide to list the tranches;
- finalize the other terms and conditions including the rate of interest, tenor and security cover thereof, the

consideration of the issue, utilization of the issue proceeds and all matters connected to it;

- d. decide on the timing of each tranche.
- e. decide on the persons to whom it can be issued, including companies, bodies corporate, statutory corporations, commercial banks, lending agencies, financial institutions, insurance companies, mutual funds, pension / provident funds and individuals or such other person / persons eligible to subscribe; and
- f. do all such acts, deeds and things and give such directions and further to execute such documents, deeds, instruments and writings as may be deemed necessary, proper and desirable or expedient to give effect to the above Resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Director(s), Key Managerial Person(s) and /or Officer(s) of the Company, to give effect to the above resolutions.

#### NOTES:

##### 1. Convening of Annual General Meeting through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") facility

Pursuant to the General Circular number 09/2023 dated 25th September 2023 issued by the Ministry of Corporate Affairs ("MCA") read with its earlier Circulars 20/2020 dated 5th May 2020, 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 02/2021 dated 13 January 2021, 21/2021 dated 14th December 2021, 02/2022 dated 5th May 2022 and 10/2022 dated 10th December 2022 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") has, by its Circular Nos. SEBI/HO/DDHS/P/CIR/2023/0164 dated 6th October, 2023, SEBI/HO/ CFD/PoD-2/P/CIR/2023/4 dated 5th January, 2023, SEBI/ HO/CFD/ CMD2/ CIR/P/2022/62 dated 13th May 2022, SEBI/HO/CFD/ CMD2/CIR/P/2021/11 dated 15th January 2021 and SEBI /HO /CFD /CMD1 /CIR /P/ 2020/79 dated 12th May 2020 respectively (collectively referred to as "SEBI Circulars"), permitted companies whose AGMs are to be conducted on or before 30th September 2024, 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. Accordingly, in compliance with the provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") read with the above circulars issued in this regard, the 67th AGM of the Company is being held through VC/OAVM. The deemed venue for the 67th AGM shall be the Registered Office of the Company situated at 62, Dr Nanjappa Road, Coimbatore – 641 018, Tamilnadu, India.

Since the AGM will be held through VC / OAVM in accordance with the MCA / SEBI Circulars, the route map is not attached to the Notice.

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 to 8 of the accompanying Notice are considered to be unavoidable by the Board and hence form part of this Notice.

##### 3. Statement under Section 102 of the Act

The relevant Statement as required under Section 102 of the Act setting out the material facts in respect of Business under Item Nos. 5 to 8 are annexed

4. The relevant details of Director seeking re-appointment under Item No. 4 and appointment of Independent Directors under item Nos. 6 and 7 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 set out in **Annexure-1**.

##### 5. Proxy(ies)

In terms of the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a Proxy to attend and vote on behalf of the members and the Proxy need not be a Member of the Company. Since the AGM is conducted through VC/ OAVM only, the requirement of physical attendance of the members at the AGM has been dispensed with. Hence the facility for appointment of Proxy by members will not be available for this AGM and accordingly, 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. Quorum

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. Corporate Representations

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 authorize 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@skmco.com](mailto:murali@skmco.com) or [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in).

##### 8. Electronic dispatch of the AGM Notice and the Annual Report 2024

In terms of Section 101 and 136 of the Act read with the rules made thereunder and Regulation 36 of the Listing Regulations and in compliance of MCA and SEBI Circulars, the Notice of the 67th AGM along with the Annual Report for the year 2024 is being sent by electronic mode only to

the members whose e-mail addresses are registered with the Company / Depository Participants.

Members may also note that the Notice of 67th AGM along with the Annual Report for the year 2024 will also be made available on the Company's website, [www.sakthifinance.com](http://www.sakthifinance.com) for their download. Members can request for a physical copy of the Annual Report 2024 by sending a request to the e-mail, [investors@sakthifinance.com](mailto:investors@sakthifinance.com).

## 9. Record Date and Dividend

**Tuesday, 3rd September 2024** has been fixed as the Record Date for payment of dividend to the equity shareholders.

The dividend on equity shares for the year ended 31st March 2024, as recommended by the Board of Directors and if declared at the AGM, will be paid/ dispatched by the Company, through permitted modes, on or after **Tuesday, 10th September 2024** to those shareholders or their mandatees:

- a. whose names appear as Members in the Register of Members of the Company as at the close of the business hours on **Tuesday, 3rd September 2024** in respect of the shares held in physical form, after giving effect to valid request(s) received for transmission/ transposition of shares and lodged with the Company or Registrar and Transfer Agent on or before **Tuesday, 3rd September 2024**; and
- b. whose names appear as Beneficial Owners as at the close of the business hours on **Tuesday, 3rd September 2024** in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in dematerialised form.

## 10. Tax Deducted at Source on Dividend

In terms of the provisions of the Income Tax Act 1961 ("IT Act"), dividend paid or distributed by a Company on or after 1st April 2020 shall be taxable in the hands of the members. Hence, the Company is required to deduct Tax at Source ("TDS") at the time of payment of dividend to the members at the prescribed rates. Details of the applicable tax rates for various categories of members and documentation required from them to claim exemption/ lower tax rates is set out in **Annexure-2** forming part of this Notice. Members are requested to update their Permanent Account Number ("PAN") with the Company/ Link Intime India Private Limited (in case shares are held in physical mode) and with depositories (in case shares are held in demat mode).

Members are requested to send the forms to the E-mail id, [investors@sakthifinance.com](mailto:investors@sakthifinance.com), on or before **Tuesday, 3rd September 2024**. No documents will be accepted after **Tuesday, 3rd September 2024**.

In case the tax on dividend is deducted at a higher rate in the absence of receipt of the above details / documents

from the Members, there would still be an option available with the Members to file the return of income and claim an appropriate refund, if found eligible

## 11. Electronic Credit of Dividend

SEBI has made it mandatory for all Companies to use the bank account details provided by the Depositories and the bank account details maintained by the Registrar and Transfer Agent for payment of dividend to the Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through the Electronic Clearing Service ("ECS")/National Electronic Clearing Service ("NECS")/National Electronic Fund Transfer ("NEFT") / Real Time Gross Settlement ("RTGS")/Direct Credit, etc.

The procedure for updation of mandate for receiving dividends directly in bank account through electronic clearing system or any other means in a timely manner is given below:

### In case Equity Shares are held in physical form

Members are requested to send the following documents in original to Link Intime India Private Limited, "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028 for change in / updation of bank details.

- a. Form ISR-1 along with the supporting documents. The Form is available on the website of the Company <https://www.sakthifinance.com/investor-information>.
- b. Form ISR-2 duly signed by the Shareholders
  - i. Copy of Bank Statement with Bank Name, Bank Account Number and IFS Code attested by Bank Manager or
  - ii. Original cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
  - iii. Self-attested PAN Card copy of all holders; and
  - iv. Self-attested photocopy of any document (such as Aadhaar Card, Driving License, Election Identity Card, Passport) in support of the address of the First holder as registered with the Company.

### In case Equity Shares are held in electronic form

Members may note that their bank account details as provided by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not be able to accede to any direct request from such Members for change/ addition/deletion in such bank account details. Accordingly, the Members holding equity shares in demat mode are requested to update their Electronic Bank Mandate with their respective Depository Participants ("DPs").

Further, please note that the instructions, if any, already given by the Members in respect of equity shares held in physical form, will not be automatically applicable to the dividend paid on equity shares held in electronic form.



For Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate the Company shall dispatch the dividend warrant/ bankers' cheque/demand draft to such Members by post/courier/permitted modes.

## 12. Issuance of Securities only in Demat Mode

As per the Regulations 39 and 40 of the Listing Regulations, the Company shall issue securities in dematerialized form only while processing any requests from shareholders holding shares in physical mode in respect of i. Issue of duplicate securities certificate; ii. Claim from Unclaimed Suspense Account; iii. Renewal / Exchange of securities certificate; iv. Endorsement; v. Sub-division / Splitting of securities certificate; vi. Consolidation of securities certificates/ folios; vii. Transmission and viii. Transposition ("service requests").

The shareholders shall submit duly filled in Form ISR-4 along with requisite documents to RTA. The form ISR-4 is available in the website of the Company at <https://>

Brief procedure for updation of PAN, Bank Account, KYC and nomination details is given hereunder:

Type of Holder	Process to be followed		
Shareholders holding shares in physical form	Send a written request in the prescribed forms to Link Intime India Private Limited either by e-mail (duly e-signed) at <a href="mailto:coimbatore@linkintime.co.in">coimbatore@linkintime.co.in</a> or by post (Self attested and dated) to Link Intime India Private Limited, "Surya", 35, May Flower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641 028		
	To register PAN, e-mail address, bank details and other KYC details or updation therein	Form ISR-1	For forms, please refer Company's website at <a href="https://www.sakthifinance.com/investor-information/">https://www.sakthifinance.com/investor-information/</a>
	To update signature of securities holder	Form ISR-2	
	Declaration to opt out nomination	Form ISR-3	
	Form for requesting issue of Duplicate Certificate and other service requests for securities held in physical mode	Form ISR-4	
	For nomination as provided in the Rule 19(1) of the Companies (Share Capital and debenture) Rules 2014	Form SH-13	
	Cancellation of nomination by the holder(s) (along with ISR-3)/ Change of Nominee	Form SH-14	

## 14. Procedure for Inspection of Registers and Documents

The Register of Directors and Key Managerial Personnel and their shareholdings 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, Memorandum and Articles of Association (new) and any other relevant documents referred to in the Notice shall be made available electronically for inspection without any fee by the members during the AGM. Members seeking to inspect such documents can send e-mail to e-mail to [csubramaniam@sakthifinance.com](mailto:csubramaniam@sakthifinance.com)

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.

[www.sakthifinance.com/investor-information/](http://www.sakthifinance.com/investor-information/). The RTA/ Company shall verify and process the service requests and thereafter issue a "Letter of Confirmation" to the shareholders in lieu of the physical share certificates. The "Letter of Confirmation" shall be valid for 120 days from the date of its issuance within which shareholders shall make a request to the Depository Participant for dematerializing the said shares. In case the shareholder fails to submit the demat request within the above period, RTA / Company shall credit the securities to Suspense Escrow Demat Account of the Company

## 13. Instructions to Furnish/Update PAN, Bank Account, KYC and Nomination Details

SEBI vide its Circular Nos. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated 16th March 2023 has mandated all physical shareholders to furnish their PAN, Nomination and KYC details (Contact Details, Bank Account Details and Specimen Signature) with Companies. Further, linking of PAN and Aadhaar is also mandated by the Central Board of Direct Taxes ("CBDT").

## 15. Transfer of Unclaimed/Unpaid Dividend and Shares to Investor Education and Protection Fund ("IEPF")

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, 2013, 2014, 2015 and 2016 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 on the website, [www.iepf.gov.in](http://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
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
2020-21: Dividend on Equity Shares	4th November 2028
2021-22: Dividend on Equity Shares	5th November 2029
2022-23: Dividend on Equity Shares	28th October 2030

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 Link Intime India Private Limited well in advance of the above due dates.

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 5,63,187 equity shares of ₹ 10 each to the dematerialized account of IEPF authority during the financial years 2018, 2019, 2020, 2021, 2022 and 2023.

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 advertisements 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](http://www.sakthifinance.com) and on the website of Ministry of Corporate Affairs at <https://www.iepf.gov.in>.

#### 16. Green Initiative

Members are requested to support the Green Initiative by registering / updating their e-mail address, with the Depository Participant (in case of shares held in dematerialized form) or with Link Intime India Private Limited (in case, equity shares are held in physical form).

#### 17. Scrutinizer

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. The Results declared along with Scrutinizer's Report shall be placed on the notice board of the Company, the Company's website, [www.sakthifinance.com](http://www.sakthifinance.com), and on the website of CDSL, [www.evotingindia.com](http://www.evotingindia.com) within two days after the voting on the Resolutions at the Sixty Seventh AGM of the Company and communicated to BSE Limited, where the equity shares of the Company are listed.

To facilitate Members to receive this Notice electronically and cast their votes electronically, the Company has made special arrangement with Link Intime India Private Limited for registration of e-mail address in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address to Link Intime India Private Limited are required to provide

their e-mail address to Link Intime India Private Limited on or before 5:00 p.m. ("IST") on **Tuesday, 3rd September 2024**. 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.

**18.** In case of any queries, Members may write to [investors@sakthifinance.com](mailto:investors@sakthifinance.com) or [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### 19. 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 RTA, Link Intime India Private Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028, Phone : (0422) 4958995, 2539835-836, , E-mail: or [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in).

**20.** Those Members who have already registered their e-mail address are requested to keep their e-mail address validated with their Depository Participants / Link Intime India Private Limited to facilitate servicing of notices/ documents / Annual Reports and other communications electronically to their e-mail address in future.

#### 21. Online Dispute Resolution ("ODR") Mechanism:

SEBI has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. In terms of this, after exhausting the option to resolve their grievances with the RTA/Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal: <https://smartodr.in/> login and it can also be accessed through the Company's Website at <https://www.sakthifinance.com/investor-information>

#### THE INSTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER

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 and Disclosure Requirements) Regulations 2015 (as amended) and the Circulars issued by the Ministry of Corporate Affairs dated 13th January 2021, in continuation and read with its earlier 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.

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. **Tuesday, 3rd September 2024**, 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 an intimation only.

A person who has acquired the shares and has become a member of the Company after the dispatch of the Notice of the AGM and prior to the cut-off date i.e. **Tuesday, 3rd September 2024**, 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.

The remote e-voting will commence on **Saturday, 7th September 2024 at 9.00 a.m.** and will conclude on **Monday, 9th September 2024 at 5.00 p.m.** During this period, the members of the Company holding equity shares either in physical mode or in demat mode as on the cut-off date i.e. **Tuesday, 3rd September 2024** 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.

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.

The voting rights of the members shall be in proportion to their shares on the paid-up equity share capital of the Company as on the cut-off date i.e. **Tuesday, 3rd September 2024**.

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

#### **PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL/ MOBILE NUMBER ARE NOT REGISTERED WITH THE COMPANY /DEPOSITORIES**

**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 [investors@sakthifinance.com](mailto:investors@sakthifinance.com) or [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in)

**For members holding equity shares in Demat form:** Please update your e-mail id and mobile no. with your respective Depository Participant ("DP").

**For Individual Demat Shareholders:** Please update your email id and mobile no. with your respective depository participant ("DP") which is mandatory while e-Voting and joining virtual meetings through Depository.

#### **THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE VOTING ARE AS UNDER**

Step 1: Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding equity shares in demat mode.

Step 2: Access through CDSL e-voting system in case of shareholders holding equity shares in physical mode and non-individual shareholders in demat mode.

a. The voting period commences on **Saturday, 7th September 2024 at 9:00 a.m.** and concludes on **Monday, 9th September 2024 at 5:00 p.m.** During this period, shareholders of the Company holding equity shares either in physical form or in dematerialised form, as on the cut-off date i.e. **Tuesday, 3rd September 2024**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

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

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December 2020 and 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.

c. 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 votes 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.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

d. 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.

e. Pursuant to above SEBI Circular, log-in method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode with CDSL / NSDL is given below:

Type of Member	Log-in Method
Individual Members holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>Users who have opted for <b>CDSL's Easi / Easiest facility</b>, 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 URL for users to log-in to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on log-in icon and select New System Myeasi.</li> <li>After successful log-in, 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 the company. On clicking the e-Voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting their 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. <b>CDSL/NSDL/KARVY/LINKINTIME</b>, so that the user can visit the e-Voting service providers' website directly.</li> <li>If the user is not registered for Easi / Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/ Registration/Easi Registration</a>.</li> <li>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/Evoting login">https://evoting.cdslindia.com/Evoting/Evoting login</a>. 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 able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting service providers.</li> </ol>
Individual Members holding securities in Demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following <b>URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></b> 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.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following <b>URL:<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a></b> 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</li> </ol>

	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 "Forgot User ID" and "Forgot 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 <b>CDSL</b>	Members facing any technical issue in log-in can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact toll free no. 1800 22 55 33
Individual Members holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in log-in can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

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

- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.
- Now Enter your User ID:
  - For CDSL: 16 digits beneficiary ID
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Log-in.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-Voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For Members and 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). <ul style="list-style-type: none"> <li>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.</li> </ul>
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. <ul style="list-style-type: none"> <li>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.</li> </ul>

- After entering these details appropriately, click on "SUBMIT" tab.
- 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 also to be 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.

- i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j. Click on the EVSN of the Company, SAKTHI FINANCE LIMITED on which you choose to vote.
- k. 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.
- l. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- m. 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.
- n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- o. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- p. 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.
- q. There is also an optional provision to upload Board Resolution / Power of Attorney, if any, uploaded which will be made available to scrutinizer for verification.
- r. **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](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 will be mapped automatically and can be delinked in case of any wrong mapping.
  - It is mandatory that 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 it.
  - Alternatively, Non Individual members are required mandatorily 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 Scrutinizer and to the Company at the email address viz [investors@sakthifinance.com](mailto:investors@sakthifinance.com), if they have voted from individual tab and not uploaded the same in the CDSL e-voting system for the scrutinizer to verify it.

#### **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. 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.
4. Members are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. For ease of conduct, members who would like to ask questions may send their questions in advance at least 7 (Seven) days before AGM mentioning their name, demat account number / folio number, email id, mobile number at [investors@sakthifinance.com](mailto:investors@sakthifinance.com) and register themselves as a speaker.
8. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.

9. Only those Members, 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.
10. 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.
11. The results declared along with the Scrutinizer's Report shall be placed on the Company's website, [www.sakthifinance.com](http://www.sakthifinance.com) and on the website of CDSL i.e. [www.cdslindia.com](http://www.cdslindia.com) within two days of the passing of the Resolutions at the 66th Annual General Meeting of the Company and shall also be communicated to the Stock Exchanges where the shares of the Company are listed.
12. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.
13. Contact Details:

Company	Sakthi Finance Limited CIN: L65910TZ1955PLC000145 <b>Regd. Office</b> : 62, Dr Nanjappa Road, Coimbatore – 641 018 <b>Phone</b> : (0422) 2231471-74, 4236200 <b>E-mail ID</b> : sakthif_info@sakthifinance.com, investors@sakthifinance.com <b>Website</b> : www.sakthifinance.com
Registrar and Transfer Agent	Link Intime India Private Limited "Surya", 35, Mayflower Avenue, Behind Senthil Nagar Sowripalayam Road, Coimbatore – 641 028 <b>Phone</b> : (0422) 4958995, 2539835-836 <b>E-mail ID</b> : coimbatore@linkintime.co.in <b>Website</b> : www.linkintime.co.in
e-Voting Agency	Central Depository Services (India) Limited <b>E-mail ID</b> : helpdesk.evoting@cdslindia.com <b>Toll free no.:</b> 1800 22 55 33
Scrutinizer	K. Murali Mohan FCA (Membership No. 14328), Chartered Accountant, Coimbatore

## QUERIES

In case you have any queries or issues regarding attending AGM and e-Voting from the CDSL e-Voting system, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Toll free No. 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Senior Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compound, N M Joshi Marg, Lower Parel (East), Mumbai - 400 013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call Toll free No 1800 22 55 33.

## OTHERS

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.

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](mailto:investors@sakthifinance.com), at least 7 days before the date of the meeting to enable the management to respond quickly.

## **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 8 of the accompanying Notice dated 8th August 2024.

### **ORDINARY BUSINESS**

#### **Item No.5**

#### **Appointment of Statutory Auditors**

M/s C S K Prabhu & Co, Chartered Accountants (Firm Registration No: 0024855), the existing Statutory Auditors, have been Statutory Auditors of the Company for the last three consecutive years, which is the maximum term for Statutory Auditors of Non-Banking Financial Companies as per RBI Circular on "Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" ("RBI Guidelines") dated 27th April 2021.

Members of the Company had, at the 64th Annual General Meeting ("AGM") of the Company held on 30th September 2021, appointed M/s CSK Prabhu & Co, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of the 64th AGM till the conclusion of the 67th AGM.

In terms of the above RBI Guidelines, they have completed their term of three consecutive years with the Company and as per RBI Guidelines, the firm would be ineligible for re-appointment for such cooling period as specified in RBI Guidelines.

In view of the RBI Guidelines, the Company is required to appoint an audit firm to act as the Statutory Auditors of the Company for conducting the audit for a term of three (3) consecutive years.

In accordance with the requirement of the above RBI Guidelines, the Audit Committee and the Board of Directors have, based on the criteria of full-time partners, statutory and branch audit experience of the firm, capability, independent assessment, audit experience of NBFCs / banks etc, recommended the appointment of M/s P N Raghavendra Rao & Co , Chartered Accountants (Firm Registration No: 0033285), to act as the Statutory Auditors of the Company for a term of three (3) consecutive years to hold office from the conclusion of the 67th AGM till the conclusion of the 70th AGM of the Company to be held in the calendar year 2027, subject to the firm satisfying the eligibility norms each year.

M/s P N Raghavendra Rao & Co, Chartered Accountants (Firm Registration No: 0033285) is five decades old Chartered Accountant firm registered with The Institute of Chartered Accountants of India ("ICAI"). The firm was established and registered with ICAI in the year 1975. The firm has its Head Office at Coimbatore and has branch offices at Pune and Chennai. The firm is primarily engaged in providing audit and assurance services to a large set of clientele of varied sectors. They hold a valid Peer Review Certificate from the Peer Review Board of ICAI.

#### **Disclosures as required under Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") are given below:**

a	Proposed statutory audit fee payable to auditors	Not exceeding an amount of ₹ 22.00 lakhs as statutory audit fees for the year ending 31st March 2025. The above fees excludes limited review and certification fees, applicable taxes and reimbursement of expenses.
b	Terms of appointment	M/s. P N Raghavendra Rao & Co, Chartered Accountants is recommended for appointment for a term of three consecutive years from the conclusion of the 67th AGM till the conclusion of the 70th AGM
c	Material change in fee payable	Due to increased operations, fees has been suitably increased.
d	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, independent assessment, audit experience of NBFCs /banks etc.



	<p><b>Brief Profile of M/s P N Raghavendra Rao &amp; Co, Chartered Accountants</b></p> <p>M/s P N Raghavendra Rao &amp; Co ("<b>PNR &amp; Co</b>") is a firm of Chartered Accountants (FRN: 0033285) headquartered in Coimbatore. The firm was founded in the year 1975 by Sri.P N Raghavendra Rao. The firm has its offices at Coimbatore, Pune and Chennai.</p> <p>The firm has experience in the Audit of the following Sectors: Sugar, Textiles, Automobile, Auto Components, Transportation, Alcoholic Products, IT and Software, Real Estate, Renewable Energy, Non-Banking Financial Companies, Banking Companies, Iron and Steel, Cement, Educational Institutions. Medical and Hospital, Elder Care, Hotels etc.</p> <p>The firm holds a valid Peer Review Certificate from the Peer Review Board of ICAI, New Delhi.</p>
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PNR & Co have declared / confirmed as under that:

- their appointment, if made, will be within the limits specified under the Act and that they are qualified to be appointed as Statutory Auditors in terms of the provisions of Section 141 of the Act and the provisions of the Companies (Audit and Auditors) Rules 2014 and the RBI Guidelines.
- they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ("**ICAI**") and hold valid certificate issued by the Peer Review Board of ICAI, New Delhi.
- their firm or any partner of the firm has no business relationship with the Company or its Promoter Company. They do not have any common partners and they are not under the same network of audit firms.
- there are no proceedings against the firm or any partner of the firm with respect to professional matters of conduct under the Chartered Accountants Act 1949 and the rules and regulations made thereunder or before any competent authority or any Court; and
- they do not have any affiliation / association with the rotated firm (M/s. CSK Prabhu & Co, Chartered Accountants) or with the Promoter of the Company.

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**

#### **Appointment of Sri. M Bhaskar (DIN: 02919393) as an Independent Director of the Company**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee ("**NRC**") and pursuant to Sections 152 and 161 of the Act read with the Companies (Appointment and Qualification of Directors) Rules 2014 and Articles of Association of the Company, appointed Sri. MBhaskar (DIN: 02919393), as an Additional Director of the Company and also as an Independent Director, not liable to retire by rotation, for a term of five (5) consecutive years commencing from 8th August 2024 to 7th August 2029, additional Director will be recognised in the category of Non-Executive independent Director, subject to the approval of the Members at 67th AGM.

The detailed profile of Sri. M Bhaskar is given in the Annexure to the Notice of the 67th AGM.

The Company has received a notice from a Member under Section 160 of the Act, proposing the candidature of Sri. MBhaskar for the office of Independent Director of the Company.

The Company has received from Sri. M Bhaskar consent, declarations, confirmations and disclosures as per the requirements of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), including the following:

- consent in writing to act as director under Section 152(5) of the Act in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014.
- declaration in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules 2014 that he is not disqualified under sub-section (2) of Section 164 of the Act from being appointed as a director of the Company.
- declaration confirming that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.
- confirmation in terms of Regulation 25(8) of the Listing Regulations that he is not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

- e. confirmation in compliance with Securities and Exchange Board of India ("SEBI") Order dated 14th June 2018 to the Stock Exchanges and further BSE Circular No. LIST/COMP/14/2018-19 dated 20th June 2018 stating that he is not debarred from holding the office of director by virtue of any order of SEBI or any other such authority.
- f. confirmation that he satisfies the 'Fit and Proper' criteria as prescribed by the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 ("MD-SBR 2023").
- g. confirmation that Directorships/Committee Memberships are within the statutorily permitted limits; and
- h. confirmation that he is registered with the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs ("IICA").

Further, the Board of Directors have adopted a skill matrix consisting of core skills/ expertise /competencies required to be collectively possessed by the Board of Directors of the Company in the context of the running the business of the Company. As per self- assessment of the skill/ expertise/ competence made by Sri M Bhaskar and evaluated by the NRC and the Board of Directors, Sri. M Bhaskar possesses the required skill sets, expertise and experience as per the skill matrix approved by the Board of Directors of the Company and also meets the "Fit and Proper" criteria for director as prescribed under MD-SBR 2023.

In the opinion of the Board of Directors of the Company, Sri. M Bhaskar meets the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations and he is a person of integrity and is independent of the management. The Board of the Directors considered that the appointment of Sri M Bhaskar as an Independent Director of the Company would immensely benefit the Company and it is desirable to avail his services as an Independent Director.

The proposed appointment is in line with the requirements of the Articles of Association of the Company, the Company's "Policy on Fit and Proper Criteria for appointment of Directors" and Nomination and Remuneration Policy of the Company.

Sri M Bhaskar shall be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof within the limits prescribed under the Act and for re-imbursment for expenses incurred in connection with attending Board / Committee meetings.

As per Section 161 of the Act, an Additional Director shall hold office up to the date of the next annual general meeting of the Company or up to the last date on which the annual general meeting should have been held, whichever is earlier. Further, in terms of Regulation 17(1c) of the Listing Regulations, a listed entity shall ensure that approval of shareholders for appointment of a person on the board of directors is taken at the next general meeting or within a period of three months from the date of appointment, whichever is earlier. Accordingly, Sri. M Bhaskar can hold the office as an Additional Director (Independent) up to 10 September 2024, the date of 67th AGM.

In terms of Regulation 25(2A) of the Listing Regulations, the appointment of an Independent Director of a listed entity, shall require approval of members by way of a Special Resolution.

A copy of the draft letter of appointment setting out the terms and conditions of appointment would be available for electronic inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day and will also be available on the website of the Company, [www.sakthifinance.com](http://www.sakthifinance.com).

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

Details pursuant to Listing Regulations and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, in respect of appointment of Sri M Bhaskar are also given in the Annexure to the Notice.

Except Sri. M Bhaskar, none of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the Special Resolution proposed in **Item No. 6** of the accompanying Notice.

#### **Item No.7**

##### **Appointment of Sri. Advait Kurlekar (DIN : 00808669) as an Independent Director of the Company**

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and pursuant to Sections 152 and 161 of the Act read with the Companies (Appointment and Qualification of Directors) Rules 2014 and Articles of Association of the Company, appointed Sri. Advait Kurlekar (DIN: 00808669), as an Additional Director of the Company and also as an Independent Director, not liable to retire by rotation, for a term of five (5) consecutive years commencing from 8th August 2024 to 7th August 2029, additional Director will be recognised in the category of Non-Executive independent Director, subject to the approval of the Members at 67th AGM.

The detailed profile of Sri. Advait Kurlekar is given in the Annexure to the Notice of the 67th AGM.

The Company has received notice from a Member under Section 160 of the Act, proposing the candidature of Sri. Advait Kurlekar for the office of Independent Director of the Company.

The Company has received consent, declarations, confirmations and disclosures as per the requirements of the Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") from Sri Advait Kurlekar, including the following:

- a. consent in writing to act as director under Section 152(5) of the Act in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules 2014.

- b. declaration in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules 2014 that he is not disqualified under sub-section (2) of Section 164 of the Act from being appointed as a director of the Company.
- c. declaration confirming that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations.
- d. confirmation in terms of Regulation 25(8) of the Listing Regulations that he is not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.
- e. confirmation in compliance with Securities and Exchange Board of India ("SEBI") Order dated 14 June 2018 to the Stock Exchanges and further BSE Circular No. LIST/COMP/ 14/2018-19 of dated 20 June 2018 stating that he is not debarred from holding the office of director by virtue of any order of SEBI or any other such authority.
- f. confirmation that he satisfies the criteria of 'Fit and Proper' as prescribed by the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 ("MD-SBR 2023").
- g. confirmation that Directorships/Committee Memberships of him are within the statutorily permitted limits and
- h. confirmation that he is registered with the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs ("IICA").

Further, the Board of Directors have adopted a skill matrix consisting of core skills/ expertise /competencies required to be collectively possessed by the Board of Directors of the Company in the context of the running the business of the Company. As per self- assessment of the skill/ expertise/ competence made by Sri. Advait Kurlekar and evaluated by the NRC and the Board of Directors, Sri. Advait Kurlekar possesses the required skill sets, expertise and experience as per the skill matrix approved by the Board of Directors of the Company and also meets the "Fit and Proper Criteria" for director as prescribed under MD-SBR 2023. In the opinion of the Board of Directors of the Company, Sri. Advait Kurlekar meets the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations and he is a person of integrity and is independent of the management.

The Board of Directors considered that appointment of Sri. Advait Kurlekar as an Independent Director of the Company would immensely benefit the Company and it is desirable to avail his services as an Independent Director.

The proposed appointment is in line with the requirements of the Articles of Association of the Company, the Company's "Policy on Fit and Proper Criteria for appointment of Directors and Nomination and Remuneration Policy of the Company.

Sri. Advait Kurlekar shall be entitled to sitting fees for attending the Meetings of the Board of Directors and Committees thereof within the limits prescribed under the Act and for re-imbursement for expenses incurred in connection with attending Board / Committee meetings.

As per Section 161 of the Act, an Additional Director shall hold office up to the date of the next annual general meeting of the Company or up to the last date on which the annual general meeting should have been held, whichever is earlier. Further, in terms of Regulation 17(1C) of the Listing Regulations, a listed entity shall ensure that approval of shareholders for appointment of a person on the board of directors is taken at the next general meeting or within a period of three months from the date of appointment, whichever is earlier. Accordingly, Sri. Advait Kurlekar can hold the office as an Additional Director (Independent) up to 10 September 2024, the date of 67th AGM.

In terms of Regulation 25(2A) of the Listing Regulations, the appointment of an Independent Director of a listed entity, shall require approval of members by way of a Special Resolution.

A copy of the draft letter of appointment setting out the terms and conditions of appointment would be available for electronic inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day and will also be available on the website of the Company, [www.sakthifinance.com](http://www.sakthifinance.com).

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

Details pursuant to Listing Regulations and Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India, in respect of appointment of Sri. Advait Kurlekar are also given in the **Annexure** to the Notice.

Except Sri. Advait Kurlekar, none of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the Special Resolution proposed at **Item No. 7** of the accompanying Notice.

#### **Item No.8**

#### **Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 500 crores**

As per Section 42 and 71 of the Companies Act 2013 ("the Act") (including any statutory modification(s) or re-enactment thereof for the time being in force), read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 ("Rules"), a Company which offers or makes 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 during the year.

Accordingly, the members had approved issue of NCDs at a face value of ₹ 1,00,000 each up to ₹ 50 crore by postal ballot on 29 April 2024 which is valid up to one year from the date of passing the resolution.

Borrowings through NCDs and other debt securities, issued on private placement basis, form a significant source of funds for the Company.

The approval of the Members is being sought by way of a Special Resolution for the proposed issue of NCDs and/or other Debt Securities up to an amount of ₹ 500 Crore. Further, Members are requested to authorize the Board (including any committee thereof) to offer and issue NCDs on private placement basis, in one or more series or tranches, within the overall borrowing limits of the Company, as approved by the members (₹ 2,500 Crores) on 5 April 2014 through Postal Ballot.

The issue proceeds are expected to be used to fund the hire purchase finance operations of the Company and for general working capital requirements and Redemption of NCDs.

**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 Redeemable, Non-Convertible Debentures ("NCDs") and Other Debt Securities in one or more series or tranches Date of Board Meeting : 8th August 2024
Kinds of securities offered and the price at which security is being offered	NCDs of Face Value of NCDs: ₹ 1,00,000 each or such other amount as may be applicable and decided by the Board.
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	<b>Terms</b> NCDs: 15 to 120 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	Valid for 1 year from the conclusion of the 67th Annual General Meeting
Purposes and objects of the offer	To finance the business operations and increased working capital requirements of the Company and redemption of NCDs.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Promoters or Directors may subscribe to the offer.
Principal terms of assets charged as security, if applicable	Secured NCDs: Security cover will be 100% of the Issue size

Accordingly, the Board of Directors recommend the Special Resolution set out in **Item No 8** 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.

8th August 2024  
Coimbatore

**Registered Office:**

62, Dr Nanjappa Road, Coimbatore – 641 018

**CIN** : L65910TZ1955PLC000145

**Phone** : (0422) 2231471-74, 4236200

**E-mail** : investors@sakthifinance.com

**Website** : www.sakthifinance.com

For Sakthi Finance Limited  
**C Subramaniam**  
Company Secretary and Compliance Officer  
FCS 6971

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE SIXTY SEVENTH 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	<b>Sri M Srinivaasan</b>
Item No	4
Director Identification Number ("DIN")	00102387
Date of birth and age	2nd September 1966, 58 years
Date of first appointment on the Board	Appointed as Non-Executive Non-Independent Director on the Board of the Company with effect from 18th April 1994
Designation and Category of Director	Non-Executive, Non-Independent
Qualifications	B.E, M.B.A
No of Board Meetings attended during the year out of 9 meetings	5 out of 5
Expertise in specific functional areas	He holds a Bachelor's degree in Engineering from University of Mysore and a Master's Degree in Business Administration from Pennsylvania State University, USA. He has been the Managing Director of Sri Chamundeswari Sugars Limited since 1996. He is also the Joint Management Director of Sakthi Sugars Limited. He has experience of about 31 years in the field of sugar industry. He was the President of South India Sugar Mills Association, Karnataka between 1997-1999 and 2005-2008. He was also the President of Indian Sugar Mills Association, New Delhi, during the year 2012-13.
Directorships held in other Companies	<b>Listed Public Companies</b> Sakthi Sugars Limited <b>Unlisted Public Companies</b> a. A B T Limited b. Sakthi Properties (Coimbatore) Limited c. Sakthi Auto Component Limited d. The Gounder and Company Auto Limited e. Sri Chamundeswari Sugars Limited <b>Private Limited Companies</b> a. A B T Supply Chain Solutions Private Limited b. Chamundeswari Enterprises Private Limited c. Navamalai Holdings Private Limited d. SCSL Agro Private Limited <b>Section 8 Companies</b> Nachimuthu Industrial Association
Memberships / Chairmanships of committee across public companies	<b>Audit Committee – Member:</b> Sakthi Finance Limited, Sri Chamundeswari Sugars Limited <b>Stakeholders' Relationship Committee – Member:</b> Sri Chamundeswari Sugars Limited <b>Information Technology ("IT") Strategy Committee – Member</b> Sakthi Finance Limited
Name of the Listed entity from which the Director has resigned during past three (3) years	Not applicable
Terms and Conditions of re-appointment and details of remuneration sought	Sri M Srinivaasan shall be entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof within the limits prescribed under the Act, re-imburement for expenses incurred in connection with attending Board / Committee meetings
No of equity shares held	2,51,355
Details of last drawn remuneration (including sitting fees) from the Company	₹ 2.70 lakhs
Relationship with other Directors	Brother of Dr. M Manickam, Chairman and Sri. M. Balasubramaniam, Vice Chairman and Managing Director

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE SIXTY SEVENTH 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	<b>Sri M Bhaskar</b>
Item No	6
Director Identification Number ("DIN")	02919393
Date of birth and age	20th July 1962, 62 years
Date of first appointment on the Board	Appointed as an Additional Independent Director (Non-Executive) on the Board of the Company with effect from 8 August 2024
Designation and Category of Director	Non-Executive Independent Director
Qualifications	B Com, FCA, Graduate CMA
No of Board Meetings attended during the year out of 5 meetings	Not Applicable
Expertise in specific functional areas	He has been a practicing Chartered Accountant for more than 3 decades specializing in Managerial and Financial Advisory for Corporates covering the Sugar, Steel, Distillery, Paper and Textile and NBFC sectors. He has also served as Past President of The Auditors Association of Southern India, Coimbatore for 2 years. He has Served along with SITRA as the Economic Advisor for LESOTHO, a country in South Africa for the country's development projects. He has also Served as a Honorary Judicial Member in TANGEDCO, Consumer Redressal Forum, Coimbatore Metro for 3 years.
Directorships held in other Companies	<b>Unlisted Public Companies</b> PNR Prime Realty Limited
Memberships / Chairmanships of committee across public companies	<b>Nil</b>
Name of the Listed entity from which the Director has resigned during past three (3) years	Not applicable
No of equity shares held in the Company by himself and on beneficial basis for any other person	<b>Nil</b>
Terms and Conditions of appointment and details of remuneration sought to be paid	Sri M Bhaskar shall be entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof within the limits prescribed under the Act re-imbusement for expenses incurred in connection with attending Board / Committee meetings.
Justification for appointment and skills and capabilities required for the role and the manner in which the proposed person meets such requirements	The Board of Directors of the Company is of the opinion that Sri. M Bhaskar is a person of integrity and considering his qualifications, extensive knowledge and rich experience in finance and accounting, Managerial and Financial Advisory for Corporates covering the Sugar, Steel, Distillery, Paper and Textile and NBFC sectors, appointment of Sri. M Bhaskar is in the best interest of the Company. His association would be of immense benefit and add value to the Company and therefore, the Board recommends his appointment as an Independent Director to the members. In the opinion of the Board of Directors, Mr. M Bhaskar is independent of the management of the Company and fulfils the conditions specified in the Act, the rules made thereunder and Listing Regulations, for appointment as an Independent Director.
Details of last drawn remuneration (including sitting fees) from the Company	Not applicable
Relationship with other Directors	<b>Nil</b>

**DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE SIXTY SEVENTH 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	<b>Advait Kurlekar</b>
Item No	7
Director Identification Number ("DIN")	00808669
Date of birth and age	30th March 1969, 55 years
Date of first appointment on the Board	Appointed as an Additional Independent Director (Non-Executive) on the Board of the Company with effect from 8 August 2024
Designation and Category of Director	Independent Director
Qualifications	BTech in IIT Mumbai, MMS from S.P Jain Management Institute and Research
No of Board Meetings attended during the year out of 5 meetings	Not Applicable
Expertise in specific functional areas	He has nearly 30 years of experience in industry, Management Consulting and Coaching, having worked in leading organisations like Tata Motors, AF Ferguson and PWC prior to starting Upohan Management Consultants in 2009.  He has extensive expertise in the areas of business strategy, balanced scorecard and HR consulting and has led consulting projects across the range of sectors including BFSI, engineering, automotive, retail, Pharma, FMCG, hospitality, media and advertising. He is an alumini of IIT, Mumbai and has studied at Wharton Business School.
Directorships held in other Companies	<b>Listed Public Companies</b> Pradeep Metals Limited <b>Private Limited Companies</b> a. Upohan Management Consultants Private Limited b. Arthavid Financial Consultants Private Limited <b>Section 8 Companies</b> a. SPPU Research Park Foundation b. IIT Mumbai Alumni Association
Memberships / Chairmanships of committee across public companies	<b>Audit Committee – Member:</b> Pradeep Metals Limited <b>Nomination and Remuneration Committee – Member:</b> Pradeep Metals Limited
Memberships / Chairmanships of committee across public Companies	Nil
Name of the Listed entities from which the Director has resigned during past three (3) years	Not applicable
Terms and Conditions of re-appointment and details of remuneration sought	Sri Advait Kurlekar shall be entitled to sitting fees for attending the meetings of the Board of Directors and Committees thereof within the limits prescribed under the Act, re-imburement for expenses incurred in connection with attending Board / Committee meetings
Justification for appointment and skills and capabilities required for the role and the manner in which the proposed person meets such requirements	The Board of Directors of the Company is of the opinion that Sri. Advait Kurlekar is a person of integrity and considering his qualifications, extensive knowledge and rich experience in Industry, Management Consulting and Coaching, appointment of Sri. Advait Kurlekar is in the best interest of the Company. His association would be of immense benefit and add value to the Company and, therefore, the Board recommends his appointment as an Independent Director to the members. In the opinion of the Board of Directors, Sri. Advait Kurlekar is independent of the management of the Company and fulfils the conditions specified in the Act, the rules made thereunder and Listing Regulations, for appointment as an Independent Director.
Details of last drawn remuneration (including sitting fees) from the Company	Not applicable
Relationship with other Directors	Nil

**TDS INSTRUCTIONS ON DIVIDEND**

The Income Tax Act, 1961 (“the IT Act”), as amended by the Finance Act 2020, mandates that dividends paid or distributed by a Company after 1 April 2020 shall be taxable in the hands of the members. Accordingly, the Company shall deduct tax at source (if applicable) at the time of making the payment of the Dividend, if declared at the 67th AGM.

The details given below provides the applicable Tax Deduction at Source (“TDS”) provisions under the IT Act for Resident and Non-Resident shareholder categories, who are requested to take note of it

**Table 1: For Resident Shareholders**

The shareholders are advised to update their PAN (Permanent Account Number), if not already done with depositories (in case shares are held in demat mode) and with the Company’s Registrar and Transfer Agents, Link Intime India Private Limited (in case shares are held in physical mode).

Category of Shareholders	TDS Rate	Exemption Applicability / Documents required
Any resident shareholder	10% with Valid PAN or 20% without PAN or Invalid PAN or Inoperative PAN	No TDS in the following cases: If dividend payable or likely to be paid to a resident individual shareholder during financial year 2024-25 does not exceed ₹ 5,000. If shareholder is exempted from TDS provisions through any circular or notification and provides an attested copy of the PAN along with the documentary evidence in relation to it. For shareholders who are considered as “Specified Persons” (refer footnote to Table 1) under Section 206AB of IT Act, higher tax rate shall apply. For Shareholders whose PAN are considered as Inoperative, Higher tax rate shall apply under Section 139AA of Income Tax Act Refer Footnote iii. For the purpose of TDS, the Company will verify the status (Specified Person or not) from the Government enabled on-line facility and accordingly will deduct the TDS.
Submitting Form 15G / Form 15H	Nil	Eligible shareholder providing Form 15G [applicable to Individuals (below the age of 60 years)] / Form 15H (applicable to an Individual aged 60 years and above) - on fulfilment of prescribed conditions.
Order under Section 197 of the IT Act	Rate provided in the order	Lower / NIL withholding tax certificate obtained from Income Tax authorities.
<b>Insurance Companies</b> (Public / Other) or <b>Mutual Funds</b> specified under Section 10 (23D) or <b>Alternative Investment Fund</b> (covered by Notification No. 51/2015 dated 25 June 2015)	Nil	Self-declaration that it has full beneficial interest with respect to shares owned, along with documentary evidence such as self-attested copy of PAN card and registration certificate TDS shall be deducted at applicable rates if any of the above documents are not provided.
Corporation established by or under a Central Act, which is exempt from income-tax	Nil	Self-declaration along with documentary evidence that the person is covered under Section 196 of the IT Act

**Footnotes:**
**Table 1:**
**‘Specified person’ means a person who has:**

- not furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of Section 139 has expired; and



ii. the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year.

iii. **Inoperative PAN means** : A Person who is eligible to obtain an Aadhaar Card has to link their PAN and Aadhaar by 30th June 2023. PAN which is not linked with Aadhaar has become inoperative with effect from 1st July 2023.

**Table 2: For Non-resident Shareholders**

Category of Shareholders	TDS Rate	Exemption Applicability/ Documents required
Any non-resident shareholder [including Foreign Institutional Investors ("FII"), Foreign Portfolio Investors ("FPI")]	20% (plus applicable surcharge and cess) or DTAA rate, whichever is lower	<p>Non-resident shareholders (including FPI and FII shareholders) may opt for tax rate under Double Taxation Avoidance Agreement ("DTAA"). The Tax DTAA rate shall be applied for TDS on submission of following documents to the company :</p> <p>Self-attested copy of the PAN Card, if any, allotted by the Indian authorities.</p> <p>Self-attested copy of Tax Residency Certificate ("TRC") valid as on the AGM date for the FY 2024-25 or the calendar year 2024 obtained from the tax authorities of the country of which the shareholder is resident</p> <p>Self-declaration in Form 10F</p> <p>Self-declaration confirming not having a Permanent Establishment in India, eligibility to DTAA benefit and do not/ will not have place of effective management in India.</p> <p>TDS shall be deducted at 20% (plus applicable surcharge and cess) if any of the above-mentioned documents are not provided. The rate of surcharge shall be determined considering the dividend paid in the FY 2024-25.</p> <p>The Company is not obligated to apply the DTAA rates at the time of deduction/ withholding on dividend amounts. Application of DTAA rate shall depend upon the completeness of the documents (as required under the provisions of the IT Act) submitted by the non-resident shareholder.</p> <p>For shareholders who are considered as "Specified Persons" (refer footnote to Table 1) under Section 206AB of IT Act, higher tax rate as applicable would be deducted. For the purpose of TDS, the Company will verify the status (Specified Person or not) from the Government enabled on-line facility and deduct TDS accordingly. It may be noted that as per Section 206AB of IT Act, a non-resident who does not have a permanent establishment in India will not be considered as specified person.</p>
Submitting Order under Section 195(3) /197 of the IT Act	Rate provided in the Order	Lower / NIL withholding tax certificate obtained from Income Tax authorities.

Shareholders holding shares under multiple folios / demat accounts under different status / category under a single PAN, may note that, higher of the tax as applicable to the status in which shares held under a PAN will be considered on their entire holding in different accounts.

The Forms as mentioned in Table 1 and 2 can be accessed and downloaded from the website of the Company at the web-link <https://www.sakthifinance.com> and submit the applicable Forms to the Company's e-mail id, [investors@sakthifinance.com](mailto:investors@sakthifinance.com), on or before **Thursday, 3rd September 2024**.

## BOARD'S REPORT

To the Members

Your Directors are pleased to present their Sixty Seventh Annual Report together with the audited financial statements of your Company for the year ended 31st March 2024.

### 1. FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2023-24	2022-23
<b>Total Income (A)</b>	<b>20,674.36</b>	19,193.97
<b>Less : Finance Costs</b>	<b>11,572.62</b>	10,926.13
Other Expenditure	<b>5,691.47</b>	5,058.87
Depreciation, Amortization and Impairment	<b>1,262.48</b>	1,473.00
<b>Total Expenses (B)</b>	<b>18,526.57</b>	17,458.00
<b>Profit before Exceptional Items and Taxes (A-B)</b>	<b>2,147.79</b>	1,735.97
Exceptional Items	-	-
<b>Profit before Tax</b>	<b>2,147.79</b>	1,735.97
<b>Less : Provision for Tax:</b>		
Current Tax	<b>579.77</b>	674.65
Deferred Tax	<b>(2.52)</b>	(188.05)
<b>Profit after tax for the year</b>	<b>1,570.54</b>	1,249.37
Balance brought forward from earlier years	<b>4,505.37</b>	3,862.35
<b>Profit available for Appropriation</b>	<b>6,075.91</b>	5,111.72
<b>Add : Other Comprehensive Income / (Loss)</b>	<b>32.08</b>	31.76
<b>Less : Dividend paid on Equity Shares (2023 &amp; 2022)</b>	<b>452.94</b>	388.24
Statutory Reserve	<b>314.11</b>	249.87
Balance carried forward to Balance Sheet	<b>5,340.94</b>	4,505.37

### 2. BUSINESS

For the Financial year ended 31st March 2024, your Company disbursed an amount of ₹ **79,167 lakhs** in hire purchase financing operations. The overall collection efficiency has been satisfactory. Your Directors hope to achieve better business disbursements and profitability during the ensuing financial year.

### 3. CHANGE IN NATURE OF BUSINESS, IF ANY

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

### 4. DIVIDEND

#### a. PREFERENCE SHARES

Your Directors have, at their meeting held on 8th February 2024 and 27th March 2024, declared an interim dividend of ₹ 8.25 per share on 8.25% Redeemable, Cumulative, Preference Shares of ₹ 100 each and ₹ 9.00 per share on 9.00% Redeemable, Cumulative, Preference Shares of ₹ 100 each for the

financial year ended 31st March 2024, amounting to ₹ **141.01 lakh**, after deduction of tax at source of ₹ **6.19 lakh**.

#### b. EQUITY SHARES

Your Directors are pleased to recommend a dividend of ₹ 0.80 per equity share (8% on the face value of equity shares of ₹10 each) for the year ended 31st March 2024 amounting to ₹ **517.65 lakh**, subject to deduction of tax, wherever applicable. Equity Dividend recommended by the Board of Directors for the financial year 2023-24, if approved by the members, will be recognized as a liability during the financial year 2024-25. The dividend recommended is in compliance with RBI guidelines on Declaration of Dividend by NBFCs.

#### c. TAX ON DIVIDEND

In accordance with the provisions of the Income-tax Act 1961 ("IT Act"), the Company will make payment of dividend after deduction of tax at source ("TDS") as per the prescribed rates, to those shareholders whose names appear as beneficial owner/ member in the list of beneficial owners to be furnished by National Securities Depository Limited / Central Depository Services (India) Limited in case of shares held in dematerialised form, or in the Register of Members in case of shares held in physical form, as at the close of business hours on 3rd September 2024 (Record Date).

### 5. TRANSFER TO RESERVES

Your Company has transferred an amount of ₹ **314.11 lakhs** to the Statutory Reserves, in compliance with Section 45-IC of the Reserve Bank of India ("RBI") Act 1934. Further, the Board of Directors of your Company has decided to retain the balance amount in the retained earnings of the Company.

### 6. CAPITAL ADEQUACY

The Capital to Risk Assets Ratio ("CRAR") of your Company as on 31st March 2024 was **18.48%**, which is well above the minimum regulatory requirement of 15% CRAR prescribed by the Reserve Bank of India. Out of the above CRAR, Tier I stood at **14.16%** and Tier II stood at **4.32%** respectively.

### 7. CREDIT RATING

The details of credit ratings obtained from the credit rating agency, ICRA Limited are given in the Corporate Governance Report (Refer Annexure 3) which forms part of the Board's Report.

### 8. CHANGE IN THE CAPITAL

During the year, the company has allotted 14,39,150 9% Redeemable Cumulative preference shares of ₹100 each aggregating to ₹ 1,439.15 lakhs and redeemed 11,69,000 8.25% Redeemable Cumulative preference shares of ₹ 100 each aggregating to ₹ 1,169.00 lakhs. Accordingly,

the paid-up share capital stands increased to ₹ 8,240.74 from ₹ 7,970.59 lakhs.

## 9. 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**.

## 10. RBI COMPLIANCES

### a. SCALE BASED REGULATIONS

RBI had issued a Master Direction (No. RBI/DoR/2023-24/106 DoR.FIN.REC.No.45/03.10.119/2023-24 dated 19 October 2023 Scale Based Regulation-Directions 2023. Based on this, your Company has been categorised as "NBFC - Middle Layer" ("ML"). Your Company has complied with the various requirements specified under MD-SBR 2023 for NBFC-ML within the prescribed timelines.

### b. NOMINATION AND REMUNERATION POLICY

The NR Policy is available on the website of the Company at [https://www.sakthifinance.com/wp-content/uploads/2023/04/SFL\\_NRC-Charter-and-Remuneration-Policy.pdf](https://www.sakthifinance.com/wp-content/uploads/2023/04/SFL_NRC-Charter-and-Remuneration-Policy.pdf).

The policy on remuneration is enclosed in **Annexure 2**.

## 11. PUBLIC ISSUE / REDEMPTION OF NON-CONVERTIBLE DEBENTURES

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

During the year 2023-24, your Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 10,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 10,000 lakh, aggregating ₹ 20,000 lakhs. The issue was opened on 8th February 2024 and closed on 21st February 2024. Your Company received a subscription of ₹ 16,782.40 lakh. Your Company made allotment of 14,80,964 NCDs aggregating ₹ 14,809.64 lakh to the eligible allottees on 27th February 2024. The NCDs have been listed and admitted for trading with BSE Limited with effect from 28th February 2024. The proceeds of the NCD issue are being used in accordance with the objects stated in the Prospectus.

During July 2024, your Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 7,500 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 7,500 lakh, aggregating ₹ 15,000 lakhs. The issue was opened on 20th June 2024 and closed on 3rd July 2024. Your Company received a subscription of ₹ 13,099.04 lakh. Your Company made allotment of 12,36,744 NCDs aggregating ₹ 12,367.44 lakh to the eligible allottees on 9th July 2024. The NCDs have been listed and admitted for trading with BSE Limited with effect from 11th July 2024. The proceeds of the NCD issue are being used in accordance with 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 7th May 2020, your company has redeemed the Secured, Redeemable, Non-Convertible Debentures issued under Options III, IV and V aggregating ₹ 2,045.47 lakh (Principal: ₹ 1,746.83 lakh and Interest: ₹ 298.64 lakh). The repayment was made on 8th August 2023 to the Debenture holders.

As per the terms and conditions of the Public Issue Prospectus dated 25th June 2021, your company has redeemed the Secured, Redeemable, Non-Convertible Debentures issued under Options I and II aggregating ₹ 6,910.60 lakh (Principal: ₹ 6,162.78 lakh and Interest: ₹ 747.82 lakh). The repayment was made on 29th September 2023 to the Debenture holders.

## 12. DEPOSITS

The total deposits with the company as at 31st March 2024 stood at ₹ 8,390.85 lakh as against ₹ 2,388.82 lakh as at the end of the previous year.

As at the end of the financial year 2023-2024, 146 public deposits aggregating ₹ 165.26 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, 40 deposits amounting to ₹ 42.67 lakh have since been claimed and paid / renewed as per their instructions.

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

During the financial year 2023-24, your Company has transferred unclaimed dividend, unclaimed matured deposits, including interest, amounting to ₹ 9,79 lakhs to IEPF. Further, your Company has also transferred 34,780 equity shares of ₹ 10 each in respect of which dividend has remained unclaimed for seven consecutive years to IEPF.

## 14. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### a. Retirement by rotation

In accordance with the provisions of Section 152(6) of the Companies Act 2013 ("the Act"), Sri M Srinivasan Director (DIN: 00102387) will retire by rotation at the ensuing Annual General Meeting ("AGM") of the Company and being eligible, offers himself for reappointment. Based on the recommendation of the Nomination and Remuneration Committee ("NR Committee") the Board also recommends his reappointment to the members.

### b. Retirement of Independent Directors

Sri. P S Gopalakrishnan and Dr. A Selvakumar, Independent Directors, will complete their second term of office, as Independent Directors of the Company on 26th September 2024 and will cease to be Independent Directors of the Company on that date. The Board of Directors placed on record its deepest appreciation for the valuable guidance and contribution rendered by

them, during their association as Independent Directors of the Company.

**c. Appointment of Independent Directors**

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors appointed Sri. M Bhaskar and Sri. Advait Kurlekar, as Additional Directors in the capacity of "Non Executive, Independent Directors" with effect from 8th August 2024, who meet the criteria of independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)(b) of the Listing Regulations and in respect of whom the Company has received notices in writing from two members under Section 160 of the Act, for a period of five (5) consecutive years with effect from 8th August 2024 to 7th August 2029, both days inclusive and they shall not be liable to retire by rotation. In the opinion of the Board, the proposed Independent Directors hold high standards of integrity, expertise and experience (including proficiency). Sri M Bhaskar is exempt from the requirement to undertake on-line proficiency self-assessment test.

The necessary resolutions seeking approval of the members of the Company for appointment of Sri. M. Bhaskar and Sri Advait Kurlekar as Independent Directors have been included in the Notice of 67th Annual General Meeting of the Company.

**d. Number of Meetings of the Board**

Five (5) meetings of the Board of Directors of the Company were held during the year. For details of the meetings, please refer to the Corporate Governance Report, which forms part of this Report.

**e. Key Managerial Personnel ("KMPs")**

Sri. Srinivasan Anand, Chief Financial Officer ("CFO") of the Company has resigned his position with effect from 30th June 2024. The Board place on record, the valuable services rendered by Sri Srinivasan Anand, during his tenure as Chief Financial Officer.

The Board of Directors have, based on the recommendation of the Nomination and Remuneration Committee ("NRC") and Audit Committee appointed Sri. Sundaramurthy Kumarasamy as CFO of the Company with effect from 1st July 2024.

In terms of Section 203 of the Act, at present Sri M Balasubramaniam, Vice Chairman and Managing Director, Sri Sundaramurthy Kumarasamy, CFO and Sri C Subramaniam, Company Secretary and Compliance Officer ("CS") are the Key Managerial Personnel ("KMPs") of the Company.

Further, Sri C Subramaniam, CS of the Company has tendered his resignation due to personal reasons. The Board of Directors have accepted his resignation and he will be relieved from the position of CS with effect from 10th September 2024. The Board of Directors have, based on the recommendation of NRC, appointed Sri S Venkatesh, Chief Compliance Officer of the

Company as Company Secretary and Chief Compliance Officer ("CS & CCO") of the Company with effect from 10th September 2024. In terms of Section 203 of the Act, Sri S Venkatesh, CS & CCO will become a KMP of the Company.

**f. Fit and Proper criteria and Non-Disqualification Declaration by Directors**

In terms of Chapter XI to the MD-SBR 2023, all the Directors of the Company have confirmed that they satisfy the "Fit and Proper" criteria and that they are not disqualified from being appointed/continuing as Directors in terms of Section 164(1) and (2) of the Act.

**g. Independent Directors' Declaration**

Dr A Selvakumar, Sri P S Gopalakrishnan, Smt Priya Bhansali, Sri K P Ramakrishnan, Sri. M. Bhaskar and Sri. Advait Kurlekar who are Independent Directors, have submitted declarations that each of them meets 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 have also confirmed 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 duties with an objective independent judgement and without any external influence.

Your Board of Directors of the Company, after undertaking due assessment of the veracity of the declaration and confirmation submitted by the Independent Directors, concluded that in the opinion of the Board, the Independent Directors of the Company possess requisite skill, qualifications, expertise and experience (including proficiency) in the field of information technology, banking and finance, finance and accounting, FDI, International Taxation, Human Resources and Strategy etc. and they also hold highest standards of integrity and are Independent of the Management of the Company.

The Independent Directors of the Company have also complied with the Code for Independent Directors prescribed under Schedule IV to the Act.

The Independent Directors of the Company have also declared and confirmed that they have enrolled themselves in the Independent Directors' Databank 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.

Further, In terms of Section 150 of the Act read with the Companies (Appointment and Qualification of Directors) Rules 2014 as amended, since four of the Independent Directors of the Company have served as Directors for a period of not less than three (3) years on the Board of Listed Companies as on the date of inclusion of their names in the database, they are

exempted to undertake the on-line proficiency self-assessment test conducted by the IICA.

The details of familiarization programmes for the Independent Directors are given separately in the Corporate Governance Report.

No Independent Director has resigned before the expiry of his / her tenure.

#### **h. Code of Conduct for Directors and Senior Management**

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.

#### **i. 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 are related to each other within the meaning of the term "relative" as per Section 2(77) of the Act read with the Listing Regulations.

#### **j. Annual 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 overall effectiveness etc. Your directors have expressed their complete satisfaction on functioning and performance of Individual Directors, Board and its Committees.

### **15. AUDIT COMMITTEE**

The Board of Directors at their meeting held on 27th March 2024 reconstituted the Audit Committee by merging the Policy Review Committee and inducting Smt. Priya Bhasali, Independent Director as also the member of the Committee with effect from 1st April 2024. Accordingly, the present Audit Committee has four non-executive directors as members, of which three 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
- d. Smt Priya Bhansali, Member

### **16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the financial year 2023-24, 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.

### **17. RELATED PARTY TRANSACTIONS**

The Company has entered into contracts or arrangements with the related parties in the ordinary course of business and these are on arm's length basis only and has complied with the applicable provisions of the Act read with the rules made thereunder and Listing Regulations. 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 for the financial year 2023-24 and hence it does not form part of the Board's Report.

### **18. INTERNAL CONTROL**

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

### **19. 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.

### **20. VIGIL MECHANISM (WHISTLE BLOWER POLICY)**

The Company has formulated a Vigil Mechanism (Whistle Blower Policy) 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 the Corporate Governance Report which forms part of this Report.

### **21. 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 ended 31st March 2024.

### **22. CORPORATE GOVERNANCE REPORT**

As required under Regulation 34(3) read with 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**.

### **23. 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 calendar year 2023, there were no complaints received in this regard by the ICC.

## 24. 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.

The Statutory Auditors of the Company, M/s. C S K Prabhu & Co, Chartered Accountants, have also examined the internal financial controls of the Company and have submitted an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting as at 31st March 2024.

## 25. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- 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;
- 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;
- they have prepared the annual accounts on a going concern basis;
- 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
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 26. 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 form part of this report.

During the financial year 2023-24, your company is required to spend ₹ **43.12 lakh** towards CSR expenses. Your Company has spent ₹ **43.67 lakh** during the financial year 2023-24.

## 27. AUDITORS

### a. Appointment of Statutory Auditors

M/s C S K Prabhu & Co, Chartered Accountants (Firm Registration No: 0024855), the existing Statutory Auditors, have been Statutory Auditors of the Company for the last three consecutive years, which is the maximum term for statutory auditors of Non-Banking Financial Companies as per RBI Circular on "Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" ("**RBI Guidelines**") dated 27 April 2021.

Member of the Company had, at the 64th Annual General Meeting ("**AGM**") of the Company held on 30 September 2021, appointed M/s CSK Prabhu & Co, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of the 64th AGM till the conclusion of the 67th AGM.

In terms of the above RBI Guidelines, they have completed their term of three consecutive years with the Company and as per RBI Guidelines, the firm would be ineligible for re-appointment for such cooling period as specified in RBI guidelines. Hence, it is necessary to appoint new Statutory Auditors of the Company.

Based on the recommendation of Audit Committee, the Board of Directors, have approved and recommended the appointment of M/s P N Raghavendra Rao & Co, Chartered Accountants (Firm Registration No: 0033285), as the Statutory Auditors of your Company for a term of three consecutive years to hold office from the conclusion of the 67th AGM till the conclusion of 70th AGM to be held in the year 2027.

The Statutory Auditors, as proposed, have given a confirmation to the effect that they are eligible to be appointed and not disqualified from acting as the Statutory Auditors.

Members are requested to consider and approve the appointment of M/s P N Raghavendra Rao & Co, Chartered Accountants (Firm Registration No: 0033285), as the Statutory Auditors of your Company. The proposal has been included in the Notice of 67th AGM of the Company.

### b. Adoption of Policy for appointment of Statutory Auditors

In compliance with the RBI Guidelines, the Board has approved and adopted a Policy for appointment of Statutory Auditors of the Company, which has been hosted on the website of the Company, **www.sakthifinance.com**.

### c. Secretarial Auditors

Pursuant to Section 204 of the Act, your Directors had appointed M/s. S Krishnamurthy & Co, Company Secretaries, Chennai / Coimbatore to undertake the Secretarial Audit of your company for the year 2023-24. The Secretarial Audit Report (**Form MR-3**) for the financial year 2023-24 is set out in **Annexure 5**.

#### d. 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.

#### 28. AUDITOR'S REPORT AND SECRETARIAL AUDITOR'S REPORT

There are no qualifications, reservation, adverse remark or disclaimer in the Auditor's Report and Secretarial Auditor's Report.

The Statutory Auditors and Secretarial 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) thereof for the time being in force).

#### 29. 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:

- The Company has no activity involving conservation of energy or technology absorption;
- The Company does not have any Foreign Exchange Earnings; and
- Foreign Exchange Outgo : ₹ **24.67 lakh**

#### 30. 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 in **Annexure 6**.

#### 31. 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 future operations.

#### 32. 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.

#### 33. ANNUAL RETURN

A copy of the Annual Return for the financial year 2023-24 will be placed on the website of the Company, [www.sakthifinance.com](http://www.sakthifinance.com) within 60 days after conclusion of the 67th AGM.

#### 34. 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, other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committees of the Board and any other transactions as approved by the Audit Committee or Board which are disclosed in Notes to the financial statements.

#### 35. 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.

#### 36. OTHER DISCLOSURES

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

- no issue of shares with differential rights in relation to dividend, voting or otherwise;
- no issue of shares (including sweat equity shares) to Directors or employees of the Company;
- no scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
- no revision of Financial Statements and the Board's Report of the Company;
- no failure to implement any corporate action;
- no deviation or variation in connection with certain terms of public issue, rights issue, preferential issue, etc;
- no suspension of the Company's securities;
- no application which was made under the Insolvency and Bankruptcy Code 2016 and hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable; and
- no requirement to disclose the details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

#### 37. 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

8th August 2024  
Coimbatore

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### GLOBAL ECONOMY

According to International Monetary Fund ("IMF"), global growth rate is at 3.2% in the year 2023 and is projected to continue at the same rate in the year 2024 and 2025. The pace of expansion is low as compared to past owing to both near-term factors like high borrowing costs, withdrawal of fiscal support, longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity and increasing geo-economic fragmentation. The global economy has been surprisingly resilient, despite significant central bank interest rate hikes to restore price stability. Though sharp price increases remain an obstacle across the world, the IMF foresees global inflation tumbling from 6.8% in the year 2023 to 5.9% in the year 2024 and 4.5% in 2025. Growth in Emerging and Developing Asia is expected to decline slightly from 5.6% in the year 2023 to 5.2% in the year 2024 and 4.9% in 2025. The IMF expects the Chinese economy to slow from 5.2% in the year 2023 to 4.6% in the year 2024 and 4.1% in 2025.

### INDIAN ECONOMY

The Indian economy is set to achieve nearly 7% growth in the FY 2024-2025. The positive outlook is attributed to the robust domestic demand that has propelled the country to a growth rate exceeding 7% over the past three years. The strength in domestic demand is driven by private consumption and investment, government reforms and initiatives implemented over the past decade. Investments in both physical and digital infrastructure, along with measures to boost manufacturing, have bolstered the supply side, providing a significant boost to economic activity in the country.

Increased Government investment activity has also resulted in the crowding-in of private investment. Capital Goods and Construction/Infrastructure Goods indices of the Index of Industrial Production ("IIP") were 6.2% and 9.6% higher during FY 2023-2024 compared to the previous year. Though imports of capital goods in FY 2023-2024 were marginally lower than that in the previous year, their share in overall imports increased from 11.8% in FY2022-2023 to 12.4% in FY 2023-2024, indicating a continued build-up of productive capacity in the economy.

Inflation, which was 6.7% in 2022-23, improved significantly and moderated to 5.4% in 2023-24, within the upper tolerance level of the RBI's inflation-targeting framework. The Government's efforts to curtail retail inflation, such as reduction in customs and excise duties, restricting exports in select commodities and products, coupled with the decisive and timely monetary policy actions of the Reserve Bank of India ("RBI") through appropriate policy rate and liquidity measures have played a crucial role in ensuring this recovery.

The automotive sector, a key contributor to the country's economic growth, recovered in 2022-23 to grow by 20%. On that base, the sector has posted a satisfactory performance in 2023-24 with domestic industry growing by 9-10%. While the first half of the financial year was uncharacteristically buoyant on economic activity and automotive sector growth, H2 was relatively more tepid with demand slowing down soon after the festival season. Overall, for the year, industry sales, while growing modestly over last year, came in well below

expectations and inventory levels at dealerships continue to remain relatively high.

### OPPORTUNITIES AND THREATS

In the Automotive sector, the Indian Commercial Vehicle ("CV") Industry is poised for a healthy growth and there will be adoption of alternate fuel usages also. The Medium & Heavy Commercial Vehicles ("M&HCV") Industry is the backbone of Indian Economy and is undergoing technological upgradation through the implementation of Real-Time Driving Emission ("RDE") Norms. With strong push for road infrastructure, the demand for trailers / multi-axle vehicles will increase. The strong e-commerce industry moving to Tier 1 and Tier 2 cities will increase the demand for Light Commercial Vehicles ("LCVs"). The demand for buses also improved as schools and offices have started in full swing after Covid shutdowns.

As our Company has principally been engaged in financing of pre-owned commercial vehicles only, there will not be much impact during the financial year 2024-25.

### FORECAST ECONOMY IN FINANCIAL YEAR 2024-25

The India's Gross Domestic Product ("GDP") growth for the financial year 2023-24 stood at has been 8.2 per cent. The International Monetary Fund ("IMF") has projected India's GDP growth to 7 per cent for the financial year 2024-25 from the earlier projection of 6.8 per cent on the back of improving private consumption, particularly in rural India.

### KEY REGULATORY CHANGES

This is an integrated framework with respect to capital requirements, governance standards, prudential regulation which comes into effect from 1st October 2022. Further as per RBI Master Directions on RBI (Non-Banking Financial Company-Scale Based Regulation) Directions, 2023 dated 19th October 2023, your company falls under the NBFC – Middle Layer.

RBI has, by its Circular No. RBI/2023-24/40 DOR. STR. REC.20/21.04.048/2023-24 dated 8 June 2023, issued a Framework for Compromise Settlements and Technical Write-offs. This circular provides framework for compromise settlement, Technical write-off and mandatory Board approved Policy, prudential treatment, Reporting Mechanism, oversight by Board, cooling period, treatment of accounts categorized as fraud and wilful defaulters. This circular comes into effect from 8th June 2023

RBI has, on 18th August 2023, issued guidelines on Fair Lending Practice – Penal Charges in Loan Accounts. This circular regulates and provides guidelines for charging penal interest. This circular has come into effect from 1st April 2024 in case of new loans and not later than 30th June 2024 in case of existing loans.

RBI, has issued notification dated 31st January 2024 for Streamlining of Internal Compliance monitoring function – leveraging use of technology. As per this notification, RBI advised to all Regulated Entities ("RE") to carry out a comprehensive review of the existing internal compliance tracking and monitoring processes and institute necessary changes to existing systems or implement new systems latest by June 30, 2024. The timeline has been further extended to 31st October 2024.



RBI has issued a Master Direction on Information Technology Governance, Risk, Controls and Assurance Practices on 7th November 2023. This Master Direction covers IT Governance Framework, Role of the Board of Directors, IT Strategy Committee of the Board, IT Steering Committee, IT Service Management, Third-Party Agreements, Capacity Management, Project Management, Change and Patch Management, Data Migration Controls, Audit Trails, Various IT Controls and Reviews, Policies, IT Security Committee, Appointment of Chief Information Security Officer, Risk Assessment, Information Security Audit, etc., These Master Directions has come into effect from 1st April 2024.

RBI has issued Master Direction on Outsourcing of Information Technology Services on 10th April 2023. This Master Direction covers services considered for outsourcing, services not considered for outsourcing Vendors/ entities not considered as Third Party service providers, Contents of IT outsourcing policy and other Key points. The Master Direction has come into effect from 1st October 2023.

RBI has also issued various other circulars, in an effort to harmonize various regulations between banks and NBFCs and has also given various timelines for its compliance by NBFCs.

#### PERFORMANCE AND FINANCIAL REVIEW

During the financial year 2023-24, your company disbursed Hire Purchase Advances to the extent of ₹ **79,167 lakhs**.

As on 31st March 2024, the total deposits held by the company stood at ₹ **8,390.85 lakhs** as against at ₹ 2,388.82 lakhs last year. The total income for the financial year 2023-24 stood at ₹ **20,674.36 lakhs** and the net profit after tax for the year at ₹ **1,570.54 lakhs**, being 25.71 per cent higher than the previous year, mainly due to increase in revenue from operations. The company accounted for depreciation, amortization and impairment of an amount of ₹ **1,262.48 lakhs**.

#### KEY FINANCIAL RATIOS

The following are the Key Financial Ratios of the Company for the financial year 2023-24 as against the financial year 2022-23.

Ratios	31st March 2024 (%)	31st March 2023 (%)
Return on Net Worth	<b>8.44</b>	7.15
<b>Capital to Risk Adjusted Ratio ("CRAR"):</b>		
- Tier I Capital	<b>14.16</b>	13.99
- Tier II Capital	<b>4.32</b>	5.69
Net Interest Income / Average Total Asset	<b>6.60</b>	6.35
Profit Before Tax / Average Total Assets	<b>1.58</b>	1.35
Total Debt / Net Worth	<b>6.23</b>	5.99
Interest Coverage Ratio	<b>1.24</b>	1.25
Gross Stage 3 Asset / Average Total Assets	<b>4.84</b>	5.45
Net Stage 3 Asset / Average Total Assets	<b>2.35</b>	2.63

**Note:** There is no significant change in the above ratios (25 per cent or more) as compared to the previous financial year.

#### RISKS AND CONCERNS

Your Company, like any other NBFC, has been subject to normal industry risks such as credit, market, interest and operational risks. Your company always takes pro-active and prudent risk management practices to mitigate these risks. Risk Management Committee and Audit Committee periodically reviews the policies in relation to risk so that they are in conformity 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. The Company's external Internal Auditor submits his report to the Audit Committee on a periodical basis. Suitable action is promptly taken to rectify the deficiencies, if any.

#### PROSPECTS

The prospect for growth depends on various factors. Improvement in economic activities, revival of construction/ mining activities and rising consumer demand, which were aided by the Government's fiscal and monetary policies.

Further, by increasing presence in our operational areas with larger network of branches, your Company proposes to increase its business operations and profitability in the coming years.

#### HUMAN RESOURCES DEVELOPMENT

Your Company had a very harmonious and cordial relationship with all its employees during the financial year ended 2023-24. 558 permanent employees were on the rolls of the company as on 31st March 2024. 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 pro-active steps to strengthen the organizational competency through various training programmes at all levels on a regular basis to its employees.

For and on behalf of the Board

8th August 2024  
Coimbatore

**M Manickam**  
Chairman  
DIN : 00102233

#### 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.

## REMUNERATION POLICY

(Forming part of Nomination and Remuneration Committee Charter)

### 1.0 INTRODCUTION

- 1.1 This Remuneration Policy ("**Remuneration Policy**" or "**this Policy**"), forming part of NRC Charter, provides the framework for remuneration of members of the Board of Directors, Key Managerial Personnel ("**KMPs**"), Senior Management ("**SM**") of Sakthi Finance Limited ("**the Company**" or "**our Company**").
- 1.2 This Policy is governed by the principles and objectives as prescribed in Section 178 of the Companies Act 2013 ("**the Act**") and Regulation 19 read with Part D of Schedule II to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**") towards payment of right remuneration to 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.
- 1.3 This Policy has also been formulated in conformity with the RBI's Scale Based Regulation ("**SBR**") – A Revised Framework for NBFCs and RBI's Circular on "Guidelines on Compensation of KMP and Senior Management in NBFCs" so that the remuneration / compensation packages are in line with all statutory requirements.
- 1.4 This Policy provides the remuneration principles of our Company and considers that compensation and employment are aligned to performance and outcomes, risk profile of the role, rewards and retention
- 1.5 The NR Committee will be responsible for review and implementation of the Remuneration Policy in line with Section 178 of the Act and Listing Regulations.
- 1.6 NR Committee shall work in co-ordination with Risk Management Committee to achieve effective alignment between compensation and risks. The NR Committee shall ensure that compensation levels are supported by the need to retain earnings of the Company and the need to maintain adequate capital based on the Internal Capital Adequacy Assessment Process ("**ICAAP**"). NR Committee also to ensure 'Fit and Proper' criteria of proposed / existing directors and that there is no conflict of interest in the appointment of directors on the Board of the company, KMPs and SM.

### 2.0 APPLICABILITY

- 2.1 This Policy is applicable to all Board of Directors (including Executive Directors or Managing Directors), KMPs and SM Personnel of the Company (collectively referred to as "**Applicable Employees**").

### 3.0 DEFINITION(S)

- 3.1 **Key Managerial Personnel** ("**KMPs**") as defined in Section 2(51) of the Companies Act 2013 ("**the Act**") means:
  - 3.1.1 the Chief Executive Officer or the Managing Director or Manager;
  - 3.1.2 the Whole-time Director;
  - 3.1.3 the Chief Financial Officer;
  - 3.1.4 the Company Secretary;
  - 3.1.5 such other officer, not more than one level below the Directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
  - 3.1.6 such other officer as may be prescribed.
- 3.2. "**Senior Management**" shall mean officers / personnel of the Company who are members of its Core Management Team excluding Board of Directors and shall include all members of management one level below the Chief Executive Officer / Managing Director / Whole-Time Director (including Chief Executive Officer / Chief Operating Officer, in case they are not part of the Board) including the functional heads and shall specifically include the Company Secretary and Chief Financial Officer but exclude administrative staff.
- 3.3. Nomination and Remuneration Committee ("**NR Committee**") shall mean a Committee of the Board having the constitution, powers, functions and duties as laid down in Section 178 of the Act, applicable provisions of Listing Regulations, RBI Guidelines and other applicable legal provisions.
- 3.4. A "**Malus**" arrangement shall mean where the Company prevents the vesting of all or part of the amount of a deferred remuneration.
- 3.5. A "**Claw back**" arrangement shall mean a contractual agreement between the Applicable Employees and the Company in which the Applicable Employees agree to return previously paid or vested remuneration to the Company under certain circumstances or empowers the Company to recover previously paid or vested remuneration by the company under certain circumstances.

### 4.0 REMUNERATION OF NON-EXECUTIVE DIRECTORS

- 4.1. Non-Executive Directors ("**NEDs**") will be paid remuneration by way of Sitting Fees and Commission, if applicable. The remuneration/ commission/ compensation to the NEDs will be decided by the Board in accordance with this policy and subject to applicable conditions of Listing Regulations.

4.2. As approved by the members at their meeting, commission will be paid at a rate computed in accordance with Section 198 of the Act. The commission, if any, to be paid will be restricted to a fixed sum within the above limit annually on the basis of their tenor in office during the financial year.

4.3 The payment of the Commission, if any, to the NEDs will be placed before the Board every year for its consideration and approval. The sitting fee payable to the NEDs for attending the Board and NR Committee meetings will be fixed, subject to the statutory ceiling. The fee will be reviewed periodically in line with statutory requirements.

4.4 Independent Directors will not be eligible to receive stock options under the employee stock option scheme/plan ("ESOP"), if any, formulated by the Company.

4.5 Where the annual remuneration payable to a single NED exceeds 50% of the total annual remuneration payable to NED, the approval of the members in the manner specified in applicable laws / regulations shall be obtained.

#### **5.0 REMUNERATION OF EXECUTIVE DIRECTOR(S) / MANAGING DIRECTOR**

5.1 The compensation paid to the Executive Directors/ Managing Director will be within the limits approved by the members. The elements of the total compensation, approved by the NR Committee, will be within the overall limits specified under the Act.

5.2 The fees or compensation payable to an Executive Director or Managing Director, who is a Promoter or member of Promoter Group, shall be subject to the approval of members in the manner prescribed under the applicable regulations, if the annual remuneration payable to such Executive Director or Managing Director exceeds the threshold limits as specified in applicable regulations and the approval so granted shall be valid till the expiry of the term of such Director.

For the purpose of this policy, the terms 'Promoter' and 'Promoter Group' shall have the meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended.

5.3 The elements of compensation of the Executive Director / Managing Director include the elements as described below.

5.4 The NR Committee will determine the annual variable pay compensation, i.e commission, in the form of an annual incentive and annual increment for the Executive Director / Managing Director based on the company's and individual's performance.

5.5 In case of Company having no profit or inadequate profit in any financial year, the remuneration payable to the Executive Director / Managing Director shall be further subject to the relevant provisions of the Act.

5.6 Executive Director or Managing Director will not be paid sitting fees for any Board / Committee meetings attended by them.

#### **6.0 REMUNERATION TO KEY MANAGERIAL PERSONNEL ("KMPs") / SENIOR MANAGEMENT ("SM")**

6.1 Senior Management, for the purpose of this Remuneration Policy, shall mean personnel of the Company who are members of its core management team excluding Board of Directors including members of management one level below the Chief Executive Officer / Managing Director / Whole Time Director including any Functional Head. The Chief Executive Officer / Executive Director / Managing Director / Chief Operating Officer / Chief Financial Officer and Company Secretary of the Company shall be deemed to be Senior Management.

6.2 The Company's total compensation for KMPs / Senior Management as defined under the Act will consist of :

- ◆ Fixed compensation
- ◆ Variable compensation, in the form of commission
- ◆ Benefits
- ◆ Work related facilities and perquisites and loans and advances in accordance with their service conditions
- ◆ Such other benefits/perquisites as may be periodically determined relevant by the HR policies of the Company.

6.3 The compensation of KMP and SM shall take into account all relevant factors including adherence to statutory requirements and industry practices. The compensation packages may comprise fixed and variable pay components aligned effectively with prudent risk taking to ensure that compensation is adjusted for all types of risks, the compensation outcomes are in line with the risk outcomes, compensation pay-outs are sensitive to the time horizon of the risks and the mix of cash and other forms of compensation are consistent with risk alignment.

6.4 The performance measures and their relation to remuneration packages shall be clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism.

6.5 The NR Committee shall recommend to the Board, all remuneration / compensation, in whatever form, payable to KMPs / SM.

6.6 The Company does not have Employee Stock Option Scheme/Plan.

#### **7.0 PRINCIPLES OF FIXED PAY STRUCTURES**

7.1 Fixed compensation will be determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value of the job and the skills, experience and

performance of the employee. Fixed compensation will include Basic Salary, Housing Allowance, Leave Travel Allowance, cash allowance, perquisites and contributions towards superannuation/retiral benefits, reimbursable perquisites and monetary equivalent of benefits of non-monetary nature etc. and/or as may be determined by NR Committee from time to time

7.2 Based on the grade and seniority of employees, benefits for employees include:

7.2.1 Health related

7.2.2. Health (hospitalization) insurance

7.2.3. Accident and Life insurance

7.2.4 Retirement related

7.2.5. Contribution to a Superannuation Fund, if any (in addition to statutory benefits such as Provident Fund, Gratuity, etc.)

7.3 Employees will also be eligible for work related facilities and perquisites as may be determined through human resources policies issued from time to time based on the grade of the employee.

#### **8.0 PRINCIPLES OF VARIABLE PAY STRUCTURES**

8.1 The proportion of variable pay in total compensation shall commensurate with the role and prudent risk taking profile of KMPs / SM.

8.2 A formal annual performance management process will be applicable to all employees, including KMPs / SM. Annual increases in fixed and variable compensation of individual executives will be directly linked to the performance of individual employee.

#### **9.0 MALUS / CLAW BACK PROVISIONS**

9.1 Claw back provisions for deferred variable pay may be invoked by the Board based on the recommendation of NR Committee upon happening of any of the following events within a period of 3 years.

- ✦ Employee integrity issues linked to a pecuniary fraud / serious misconduct
- ✦ Convicted of complaint under Prevention of Sexual Harassment Act
- ✦ Convicted of any criminal complaint in relation to a fraud in the Company

#### **10.0 DISCLOSURES**

10.1. Disclosures of this Remuneration Policy as may be required under the Act and Listing Regulations may be made.

#### **11.0 REVIEW / CHANGES**

11.1 This Remuneration Policy and any changes will be approved by the Board of Directors as may be deemed fit by the Board.

11.2. The policy may be reviewed at such intervals as the Board or NR Committee may deem necessary.

## CORPORATE GOVERNANCE REPORT

(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 all 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 2024, the Board of Directors consists of eight (8) members. The Board has a Non-Executive Chairman, an Executive Vice Chairman and Managing Director and other six 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. In terms of Regulation 17 of the Listing Regulations, the number of Independent Directors are 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in the Companies Act 2013 (“the Act”) and Regulation 17 of the Listing Regulations.

#### b. Compliance with limits of Directorship

The necessary disclosures regarding the Committee positions have been made by the Directors.

None of the Directors of the Company:

- hold Directorships in more than twenty (20) Companies (including ten (10) public limited companies and seven (7) listed companies; and
- is a member of more than ten (10) committees and / or Chairman of more than five (5) Committees (the Committees being Audit Committees and Stakeholders’ Relationship Committee) across all Companies in which they are Directors.

None of the Independent Directors on the Board :  
 serve as an Independent Director in more than seven listed Companies and none of them is a Whole time Director / Managing Director in any listed entity.

All Independent Directors also comply with the limit of Independent Directorship as prescribed in the Listing Regulations.

Further, Vice Chairman and Managing Director does not serve as an Independent Director in any Listed Company.

#### c. Board confirmation regarding Independence of the Independent Directors

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

made thereunder and Regulation 16(1)(b) of the Listing Regulations. The IDs have further confirmed 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.

Based on the declarations and disclosures received from all the IDs, the Board of Directors have, at their meeting held on 27 March 2024, after taking these declarations / disclosures on record and acknowledging the veracity of them, concluded that the IDs are persons of high integrity, possess relevant experience and expertise, proficiency (including skill sets) to qualify and continue to qualify as IDs of the Company and are independent of the management.

The company has received confirmation from all existing IDs that they have registered with the 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.

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://www.sakthifinance.com/board-of-directors>. During the financial year 2023-24, none of the Independent Directors of the Company have resigned before the expiry of their tenure. Accordingly, the 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.

#### d. Meeting of Independent Directors

During the year, the Independent Directors had a separate meeting on 19 March 2024 for the financial year 2023-24. The Meeting was conducted in an informal manner to enable Independent Directors to discuss matters relating to Company’s affairs and give their views without the presence of Non-Independent Directors and Promoter Directors.

At the Meeting, the Independent Directors reviewed:

- The performance of Non-Independent Directors and the Board as a whole;
- reviewed the performance of the Chairman of the Company; and
- Assessed the quality, quantity and timeliness of the flow of information between the Management and the Board and its Committees that is necessary for the Board to effectively and reasonably perform and discharge its duties. The Meeting was well attended by all the Independent Directors.

#### e. Constitution of Committees

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 twelve (12) Committees, namely, Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Policy Review Committee, Asset Liability Management Committee, Risk Management Committee, Information Technology ("IT") Strategy Committee, Finance and Investment Committee, Allotment Committee, NCD Issuance Committee and Special Investment Committee. The Board of Directors at their meeting held on 27th March 2024 constituted Information Technology Security Committee under the over sight of IT Strategy Committee for managing cyber and information Security. Also at that meeting, the non-mandatory committees such as Policy Review Committee has been merged with the Audit Committee and the Finance and Investment Committee, NCD Issuance Committee, Allotment Committee and Special Investment Committee were merged into one Committee named as Finance, Investment and Securities Issuance Committee with effect from 1st April 2024. Therefore, as on 31st March 2024, there are 13 Committees.

**f. Relationship amongst Directors**

Dr. M Manickam, Chairman, Sri M Balasubramaniam, Vice Chairman and Managing Director and Sri M Srinivasan, Director are related to each other as brothers and none of the other Directors are related to any Director.

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

During the financial year 2023-24, five (5) Board Meetings were held on 26th May 2023, 7th August 2023, 8th November 2023, 8th February 2024, 27th March

2024. The necessary quorum was present for all the meetings. 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.

**h. 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>.

**i. Attendance and other Directorships**

The Company Secretary and Compliance Officer attended all the meetings of the Board and its Committees and is, among other things, 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. During the financial year 2023-24, meetings of the Board were held through video conference / physical in accordance with the provisions of law.

The following table illustrates composition of the Board of Directors, DIN, date of appointment of Directors, category, 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 and number of equity shares held as at 31st March 2024.

Name of the Director and DIN	Director / Independent Director since	Category of Director	No of Board Meetings		Attendance of last AGM	No. of other directorships (a) (excluding Sakthi Finance Ltd)	Committee position (b)		No of Equity Shares held in and convertible instruments held in the Company (c)
			Held	Attended and Percentage			Chairman	Member	
Dr M Manickam DIN : 00102233	11-12-1990	Non-executive Chairman, Promoter	5	5 (100.00%)	Yes	8	-	1	92,813
Sri M Balasubramaniam DIN : 00377053	21-08-1985	Vice Chairman and Managing Director, Promoter	5	5 (100.00%)	Yes	8	-	2	1,92,000
Sri M Srinivasan DIN : 00102387	18-04-1994	Non-executive Director, Non-Independent	5	5 (100.00%)	Yes	6	2	-	2,51,355
Dr A Selvakumar DIN : 01099806	27-09-2014	Non-executive Director, Independent	5	5 (100.00%)	Yes	1	1	-	300
Sri P S Gopalakrishnan DIN : 00001446	27-09-2014	Non-executive Director, Independent	5	4 (88.89%)	Yes	1	3	-	-
Smt Priya Bhansali DIN : 00195848	28-09-2015	Non-executive Director, Independent	5	5 (100.00%)	Yes	4	-	3	-
Sri K P Ramakrishnan DIN : 07029959	28-09-2015	Non-executive Director, Independent	5	5 (100.00%)	Yes	1	1	-	-
Dr S Veluswamy DIN : 05314999	29-05-2019	Non-Executive Director, Non-Independent	5	5 (100.00%)	Yes	3	-	2	-

Notes : 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.  
 c. The Company has not issued any convertible instruments

### Details of Change in composition of the Board during the current and previous financial year

There was no change in the composition of the Board of Directors during the financial year 2023-24. For the financial year 2022-23.

Name of the Director	Capacity	Nature of Change	Effective date
Dr S Veluswamy	Non-Executive Non-Independent	Change in designation of Dr S Veluswamy from Director (Finance and Operations) to Non-Executive, Non-Independent Director upon his relinquishment as Director (Finance and Operations) and resignation as Chief Financial Officer.	24th May 2022

#### j. Performance Evaluation

In terms of the requirements of the Act and Schedule II of Part D to the Listing Regulations, the Board of Directors have, at their meeting held on 27 March 2024, 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.

The questionnaires for performance evaluation were comprehensive and were based on the Guidance Note on Board evaluation issued by the SEBI, by its Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January 2017 and are in line with the criteria and methodology of performance evaluation approved by the Nomination and Remuneration Committee ("NRC").

#### k. 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>.

#### l. Directorships of Directors in other listed companies

The names of the listed entities (including this company), where the Directors hold Directorships as on 31 March 2024 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 Executive, Non-independent
Sri M Srinivaasan	1. Sakthi Finance Limited 2. Sakthi Sugars Limited	Non-Executive, Non-independent 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 3. Kaycee Industries Limited 4. Salzer Electronics Limited	Independent Independent Independent Independent
Sri K P Ramakrishnan	1. Sakthi Finance Limited	Independent
Dr S Veluswamy	1. Sakthi Finance Limited	Non-Executive, Non-independent

#### m. D&O Insurance for Directors:

The Company has taken Directors and Officers Insurance ("D&O") for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

#### n. Key Board skills, expertise and competence

The Board has identified the following core 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

### o. Board Skills / Expertise / Competencies

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

S. No	Name of the Director	Industry Knowledge	Leadership Qualities	Strategic Thinking	Financial Expertise	Information Technology	Understanding applicable laws, rules, regulation and policy	Integrity and ethical standards
1	Dr M Manickam	√	√	√	√	√	√	√
2	Sri M Balasubramaniam	√	√	√	√	√	√	√
3	Sri M Srinivaasan	√	√	√	√	√	√	√
4	Dr A Selvakumar	√	√	√	√	√	√	√
5	Sri P S Gopalakrishnan	√	√	√	√	-	√	√
6	Smt Priya Bhansali	√	√	√	√	√	√	√
7	Sri K P Ramakrishnan	√	√	√	√	-	√	√
8	Dr S Veluswamy	√	√	√	√	√	√	√

### p. Succession Planning

The Company has put in place a structured Succession Planning framework to ensure a systematic development plan to fill key positions, including Board members, in line with the vision and business strategies of the Company.

## 3. COMMITTEES OF THE BOARD

The Committees constituted by the Board focus on specific areas and take informed decisions within the framework of delegated authority and make specific recommendations to the Board on matters within their areas or purview. The decisions and recommendations of the Committees are placed before the Board for their information or for approval, as required.

The composition, role and functioning of the Committees is in compliance with the applicable provisions of the Act, Listing Regulations and applicable RBI Directions. Further, the constitution and role of the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Asset Liability Management Committee, Information Technology ("IT") Strategy Committee, Information Technology Steering Committee and Information Technology Security Committee are also in conformity with the Corporate Governance Master Directions issued by the Reserve Bank of India and Internal Guidelines on Corporate Governance.

During the financial year, the Board accepted all the recommendations received from all its Committees. The minutes of the meetings of all committees of the Board are placed before the Board for confirmation.

We give below an overview of the Committees, its terms of reference and constitution, the details of meetings held and attended etc

#### A. Audit Committee

The Audit Committee of the Board is constituted in compliance with the provisions of Section 177 of the Act and Regulation 18 of the Listing Regulations. All

Members of the Committee are financially literate and possess strong accounting and related financial management expertise. The Policy Review Committee has been merged with this committee with effect from 1st April 2024.

#### Terms of reference

The Company has adopted an amended Audit Committee Charter on 27th March 2024 which will be in line with the 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 and RBI Master Directions dated 7th November 2023.

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, Reserve Bank of India Directions issued from time to time, Regulations 9(A)(4) of the SEBI (PIT) Regulations 2015 and among other things, are as follows:

1. Examination of the financial statement and 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, re-appointment, removal and 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. Compliance with listing and other legal requirements relating to financial statements
  - g. Disclosure of any related party transactions; and
  - h. Modified Opinions in the draft audit report
6. Reviewing with the management, the statement for uses/applications of funds raised through an issue (public issue, rights issue, preferential issue etc.,) the Statement of funds utilized for the purposes other than stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a (Public Issue or Rights Issue or Preferential Issue or qualified institutions placement) and making appropriate recommendations to the Board to take steps in this matter.
  7. Reviewing and monitoring the auditors' independence and performance and effectiveness of audit process.
  8. Approval or any subsequent modification of transactions of the listed entity with related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management process.
  12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussions with internal auditors of any significant findings and follow up thereon;
  15. Reviewing the findings of an internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matters to the board;
  16. Discussions with the statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower (Vigil) Mechanism;
  19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc., of the candidate.
  20. Carrying out other function as is mentioned in the terms of reference of the Audit Committee;
  21. Reviewing the utilisation of loans and/or advances from/investments by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans/advances/investments existing as on the date of coming into force of this provision.
  22. Review the report submitted by the Compliance Officer in respect of the Compliance with the Requirements of SEBI (Prohibition of Insider Trading) Regulations 2015, at least once in a financial year and also verify whether the systems of internal controls for prevention of insider trading are adequate and are operating effectively.
  23. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the listed entity and its shareholders.
  24. To review all regulatory policies of the company from time to time, hitherto taken care of by the Policy Review Committee (since disbanded)
  25. The audit Committee shall mandatorily review the following:
    - i. Management discussion and analysis of financial condition and results of operations
    - ii. Managements letter/letters of internal control weaknesses issued by the Statutory auditors;
    - iii. Internal audit reports relating to internal control weaknesses; and
    - iv. The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee
  - v. Statement of deviations:
    - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulations 32(1) of the Listing Regulations.
    - b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulations 32(7) of the Listing Regulations.

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

The Committee has been reconstituted by the Board of Directors at their meeting held on 27th March 2024 with effect from 1st April 2024, in which Policy Review Committee ("PRC") was merged with the Audit Committee and the terms of reference of PRC will be looked after by the Audit Committee.

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

**Composition, Number of Meetings held and Attendance**

The Committee held five meetings during the financial year on 26th May 2023, 7th August 2023, 8th November 2023, 8th February 2024, 27th March 2024. The gap between any two meetings is within one hundred and twenty days only.

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Dr A Selvakumar	20-11-2004	Chairman, Independent Director	5	5 (100%)	300
2	Sri M Srinivaasan	10-08-2011	Member, Non- Independent	5	4 (80%)	2,51,355
3	Sri K P Ramakrishnan	03-11-2017	Member, Independent Director	5	5 (100%)	-
3	Smt Priya Bhansali	01-04-2024	Member, Independent Director	-	-	-

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

**B. Nomination and Remuneration Committee**

The Company has adopted a revised Nomination and Remuneration Committee Charter (including Remuneration Policy) on 30th March 2023. The role of Nomination and Remuneration Committee is in conformity with 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:

- 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;
- For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may;
  - use services of an external agencies, if required;
  - consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - consider the time commitments of the candidates
- Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- Devising the policy on diversity of Board of Directors;
- 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 and recommend to the board of directors their appointment and removal;
- Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.

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, Number of Meetings held and Attendance:**

The Committee held three meetings during the financial year on 25th May 2023, 7th August 2023 and 19th March 2024. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri P S Gopalakrishnan	15-02-2005	Chairman, Independent Director	3	3 (100%)	-
2	Dr A Selvakumar	02-02-2002	Member, Independent Director	3	3 (100%)	300
3	Smt Priya Bhansali	14-11-2017	Member, Independent Director	3	3 (100%)	-

### **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 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 details of remuneration/sitting fee paid to the Executive/Non-Executive Directors for the financial year 2023-24 and the shares held by them are given below.

Sl No	Name of the Director	Salary	Commission	Perquisites	Sitting Fee	Total	No. of equity shares held
		(₹ lakh)					
1	Dr M Manickam			-	3.00	3.00	92,813
2	Sri M Balasubramaniam	49.80	75.25	-	-	125.05	1,92,000
3	Sri M Srinivaasan			-	2.70	2.70	2,51,355
4	Dr A Selvakumar			-	10.40	10.40	300
5	Sri P S Gopalakrishnan			-	2.40	2.40	Nil
6	Smt Priya Bhansali			-	4.40	4.40	Nil
7	Sri K P Ramakrishnan			-	6.40	6.40	Nil
8	Dr S Veluswamy			-	2.80	2.80	Nil
	<b>Total</b>				<b>32.10</b>	<b>157.15</b>	

#### **Notes :**

- The present tenure of appointment of Managing Director is 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.
- The Company has entered into agreements with Managing Director for a period of 5 years with effect from 29th September 2020.
- The resignation of a Director becomes effective upon its acceptance by the Board.
- No severance fee is payable to the Directors on termination of office.
- The Company has no stock option scheme either to its directors or to its employees.
- None of the Non-executive Directors have any pecuniary relationship or transactions with the Company.
- No remuneration (sitting fees) payable to a single Non-executive Director exceeds fifty percent of the total annual remuneration payable to all non-executive directors

#### **C. Stakeholders' Relationship Committee ("SRC")**

The Composition of the SRC satisfies the requirements of Section 178 of the Act and Regulation 20 read with part D of the Listing Regulations.

#### **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.

- 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.
- 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, Number of Meetings held and Attendance**

The Committee held one meeting during the financial year on 27th March 2024 and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Dr. M Manickam	24-10-2007	Chairman, Non- independent Director	1	1(100%)	92,813
2	Sri M Balasubramaniam	02-02-2002	Member, Non-Independent Director	1	-	1,92,000
3	Dr A Selvakumar	02-02-2002	Member, Independent Director	1	1(100%)	300

The Chairman of Stakeholders' Relationship Committee was present at the last Annual General Meeting.

**Name, Designation and Address of Compliance Officer**

Sri C Subramaniam, Company Secretary and Compliance Officer

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 :** investors@sakthifinance.com

**Website :** www.sakthifinance.com

**D. Corporate Social Responsibility ("CSR") Committee**

The CSR Committee had been constituted in compliance with the requirements of Section 135 of the Act and is chaired by an Independent Director.

**Terms of reference**

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

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

The CSR Policy has been hosted on the website of the Company, [https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL\\_Corporate-Social-Responsibility\\_Policy.pdf](https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf).

**Composition, Number of Meetings held and Attendance**

The composition of CSR Committee is given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri P S Gopalakrishnan	09-08-2014	Chairman, Independent Director	-	-	-
2	Sri M Balasubramaniam	09-08-2014	Member, Non-Independent Director	-	-	1,92,000
3	Dr A Selvakumar	09-08-2014	Member, Independent Director	-	-	300

As per the amended Section 135(5) of the Act as 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 is being looked after by the Board of Directors and hence no meetings of the Committee were held during the year.

### E. Policy Review Committee ("PRC")

#### Terms of reference

The Committee has been constituted for the purpose of reviewing all regulatory policies of the Company from time to time. This Committee has been merged with Audit Committee with effect from 1st April 2024 and terms of reference will be looked after by the Audit Committee.

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

#### Composition, Number of Meetings held and Attendance

The Committee held five meetings during the financial year on 26th May 2023, 5th August 2023, 3rd November 2023, 7th February 2024, 26th March 2024 and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri K P Ramakrishnan	16-03-2017	Chairman, Independent Director	5	5 (100%)	-
2	Sri M Balasubramaniam	16-03-2017	Member, Non-Independent Director	5	4 (80%)	1,92,000
3	Dr A Selvakumar	16-03-2017	Member, Independent Director	5	5 (100%)	300
4	Smt Priya Bhansali	16-03-2017	Member, Independent Director	5	5 (100%)	-

### F. Asset Liability Management ("ALM") Committee

The ALM Committee is constituted in compliance with RBI requirements.

#### Terms of reference

The 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, Number of Meetings held and Attendance

The Committee held three meetings during the financial year on 5th August 2023, 30th October 2023, 7th February 2024 and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Dr S Veluswamy	09-12-2022	Chairman, Non-Independent Director	3	3 (100%)	-
2	Sri M Balasubramaniam	24-10-2001	Member, Non-Independent Director	3	2 (66.66%)	1,92,000
3	Dr A Selvakumar	05-08-2019	Member, Independent Director	3	3 (100%)	300
4	Sri Srinivasan Anand	13-11-2021	Member, Chief Financial Officer	3	3 (100%)	-
5	Sri K S Venkatasubramanian	13-11-2021	Member, Chief Operating Officer	3	3 (100%)	-
6	Sri S Senthilkumar	14-02-2015	Member, Deputy General Manager (F&A)	3	2 (66.66%)	-
7	Dr G Sundar	09-12-2022	Member, Chief Risk Officer	3	2 (66.66%)	-

### G. Risk Management Committee

The Risk Management Committee has been constituted in Compliance with RBI and SEBI requirements.

#### Terms of reference

The Risk Management Committee has been formed for the purpose of managing the inherent risks faced by the Company. The Committee has been reconstituted by the Board of Directors at their meeting held on 27th March 2024. The present composition of the Risk Management Committee, the number of meetings held and the attendance of its members are given below:

#### Composition, Number of Meetings held and Attendance

The committee held two (2) meetings during the financial year on 3th November 2023 and 26th March 2024 and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri M Balasubramaniam*	06-08-2012	Chairman, Non-Independent Director	2	2 (100%)	1,92,000
2	Sri K P Ramakrishnan**	01-04-2024	Chairman, Non-Independent Director	-	-	-
3	Dr A Selvakumar	17-01-2015	Member, Independent Director	2	2 (100%)	300
4	Dr S Veluswamy	07-08-2023	Member, Non-Independent Director	2	2 (100%)	-
5	Dr G Sundar	18-03-2023	Member, Chief Risk Officer	2	2 (100%)	-

\* relinquished from the committee with effect from 31st March 2024.

\*\* chairman of the committee with effect from 1st April 2024

## H. Information Technology ("IT") Strategy Committee

The Board of Directors had, at their meeting held on 14th November 2017, constituted the Information Technology ("IT") Strategy Committee in compliance with the RBI Master Directions on IT Governance.

### Terms of reference

- Providing input to other Board Committees and Senior Management.
- Carrying out review and amending the IT strategies in line with the corporate strategies, Board Policy reviews, cyber security arrangements and any other matters related to IT Governance.
- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- 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.
- Ensuring proper balance of IT investments for sustaining Company's growth and becoming aware about exposure towards IT risks and controls.

The Committee has been reconstituted by the Board of Directors at their meetings held on 27th March 2024. The present composition of IT Strategy Committee, the number of meetings held and the attendance of its members are given below:

### Composition, Number of Meetings held and Attendance

The committee held five meetings during the financial year on 23rd May 2023, 5th August 2023, 3rd November 2023, 5th February 2024 and 23rd February 2024 and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Dr A Selvakumar	14-11-2017	Chairman, Independent Director	5	5 (100%)	300
2	Sri M Srinivaasan	01-04-2024	Member, Non-Independent Director	-	-	2,51,355
3	Dr S Veluswamy	14-11-2017	Member, Non-Independent Director	5	1 (20%)	-
4	Sri Srinivasan Anand	13-11-2021	Member, Chief Financial Officer	5	3 (60%)	-
5	Sri K S Venkitasubramanian	13-11-2021	Member, Chief Operating Officer	5	5 (100%)	-
6	Sri M Purushothaman	14-11-2017	Member, Associate Vice President (HR)	5	4 (80%)	-
7	Dr N Raveendran	14-11-2017	Member, Chief Information Officer	5	5 (100%)	-

## I. Finance and Investment Committee

### Terms of reference

The Board of Directors had, at their meeting held on 12th March 2016, 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 basis. This Committee has been merged with Finance, Investment and Securities Issuance Committee with effect from 1st April 2024.

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

### Composition, Number of Meetings held and Attendance

During the financial year, Sixteen meetings were held on 25th April 2023, 11th May 2023, 3rd June 2023, 19th June 2023, 3rd July 2023, 19th July 2023, 4th September 2023, 16th September 2023, 30th September 2023, 18th October 2023, 1st November 2023, 15th November 2023, 1st December 2023, 18th December 2023, 8th January 2024 and 20th March 2024, for approving the borrowings / Investments of the Company and the attendance of its members are given below.

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Dr M Manickam	31-01-2008	Chairman, Non-Independent Director	16	14 (87.5%)	92,813
2	Sri M Balasubramaniam	31-01-2008	Member, Non-Independent Director	16	16 (100%)	1,92,000
3	Dr A Selvakumar	14-11-2017	Member, Independent Director	16	16 (100%)	300

## J. 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.

This Committee has been merged with Finance, Investment and Securities Issuance Committee with effect from 1st April 2024.

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

### Composition, Number of Meetings held and Attendance

During the financial year, fifteen Meetings were 30th May 2023, 16th June 2023, 29th June 2023, 17th July 2023, 18th August 2023, 15th September 2023, 29th September 2023, 13th October 2023, 31st October 2023, 10th November 2023, 29th November 2023, 16th December 2023, 30th December 2023, 23rd January 2024 and 30th March 2024, for allotting debt securities (NCDs) on private placement basis and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri M Balasubramaniam	30-09-2003	Chairman, Non-Independent Director	15	14 (93.33%)	1,92,000
2	Dr A Selvakumar	24-10-2001	Member, Independent Director	15	13 (86.66%)	300
3	Sri K P Ramakrishnan	14-11-2017	Member, Independent Director	15	14 (93.33%)	-

## K. NCD Issuance Committee

### Terms of reference

This Committee has been constituted for the purpose of:

- 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;
- giving or authorizing the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- appointing the lead manager(s) to the issue in accordance with the provisions of the SEBI NCS Regulations;
- 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;
- 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;
- 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;
- 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;
- appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;
- 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;
- appointing the Debenture Trustees and execution of the Trust Deed in connection with the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;
- authorization of the RTA for maintenance of register of NCD holders;
- finalization of the basis of allotment of the NCDs, including in the event of over-subscription;
- 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.

This Committee has been merged with Finance, Investment and Securities Issuance Committee with effect from 1st April 2024.

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

**Composition, Number of Meetings held and Attendance**

During the financial year, five meetings were held on 10th April 2023, 8th May 2023, 17th January 2024, 30th January 2024 and 27th February 2024 and the attendances of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri M Balasubramaniam	08-02-2014	Chairman, Non-Independent Director	5	5 (100%)	1,92,000
2	Dr A Selvakumar	08-02-2014	Member, Independent Director	5	5 (100%)	300
3	Dr S Veluswamy	13-02-2021	Member, Non-Independent Director	5	5 (100%)	-

**L. Special Investment Committee**

**Terms of reference**

The Committee is formed for the purpose of making temporary investments of Public Issue NCD proceeds / funds in high quality interest earning liquid instruments, including short term deposits with banks which are pending to be utilised and investments in liquid (not equity) mutual funds or deploy the funds in investment grade interest earning securities as may be approved by the Board, from time to time, in terms of prospectus. This Committee has been merged with Finance, Investment and Securities Issuance Committee with effect from 1st April 2024.

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

**Composition, Number of Meetings held and Attendance**

The Committee held two meeting during the financial year on 11th May 2023 and 2nd March 2024 and the attendance of its members are given below:

Sl No	Name of the Director	Member of Committee since	Category	Number of meetings		No of Equity Shares held in the Company
				Held	Attended and percentage	
1	Sri M Balasubramaniam	14-08-2021	Chairman, Non-Independent Director	2	1 (50%)	1,92,000
2	Dr A Selvakumar	14-08-2021	Member, Independent Director	2	2 (100%)	300
3	Smt Priya Bhansali	14-08-2021	Member, Independent Director	2	2 (100%)	-
4	Sri K P Ramakrishnan	14-08-2021	Member, Independent Director	2	2 (100%)	-
5	Dr S Veluswamy	14-08-2021	Member, Non-Independent Director	2	2 (100%)	-

**4. PARTICULARS OF SENIOR MANAGEMENT**

The details of Senior Management Personnel ("SMP") as on 31st March 2024 as defined under Regulation 16(d) of Listing Regulations, including changes there in since the close of previous financial year are given below:

Sl No	Name of the Officials	Designation
1	Sri Srinivasan Anand	Chief Financial Officer
2	Sri K S Venkitasubramanian	Chief Operating Officer
3	Dr Natesan K	President
4	Sri C Subramaniam	Company Secretary and Compliance Officer
5	Dr Purushothaman M	Associate Vice President – HR
6	Sri Jom Kuriakose Joseph	Associate Vice President - Strategic Initiatives
7	Sri S Venkatesh	Chief Compliance Officer



Sl No	Name of the Officials	Designation
8	Dr G Sundar	Chief Risk Officer
9	Dr Raveendran N	Chief Information Officer
10	Sri Sagayaraj Joseph A	General Manager - Receivables Management
11	Sri Krishnan G R	General Manager – Credit
12	Sri Muthu Bharathi C	General Manager – HR
13	Sri Viswanathan Venkateswaran	General Manager – OSM
14	Sri Gandeegan Dharuman	Chief Information Security Officer

## 5. INTERNAL GUIDELINES ON CORPORATE GOVERNANCE

In accordance with the provisions of the Listing Regulations and Master Direction – RBI (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 (“RBI-SBR-Direction”), as amended the Company has formulated the Internal Guidelines on Corporate Governance and it is also published on the website of the Company, for the information of the members.

## 6. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

## 7. GENERAL BODY MEETINGS

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

Sl. No	Type of Meeting	Date, Time and Venue	Special Resolutions passed
1.	66th Annual General Meeting	21 September 2023 at 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	1. Issue of Redeemable, Cumulative Preference Shares on Private Placement basis for an amount not exceeding ₹ 15 crores 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 crores 3. Adoption of New set of Articles of Association
2.	65th Annual General Meeting	28 September 2022 at 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	1. Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹15 crore 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
3.	64th Annual General Meeting	30 September 2021 at 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	1. Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 15 crore 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 ₹ 500 crore

b. No Special Resolution conducted through postal ballot in the financial year 2023-24.

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

## 8. 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](http://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 are under "Announcement by SFL" under "Investors Information".

## 9. MANAGEMENT

A detailed Management Discussion and Analysis Report forms part of the Board's Report (refer Annexure 1).

## 10. DIRECTOR'S REAPPOINTMENT / APPOINTMENT

Details of disclosure regarding reappointment of a Director retiring by rotation and appointment of Independent Directors are given in the Annexure-1 to the AGM Notice.

## 11. GENERAL SHAREHOLDER INFORMATION

### 67th Annual General Meeting

Day, Date and Time : **Tuesday, 10th September 2024 at 11.00 a.m**

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

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

## 12. FINANCIAL CALENDAR FOR 2024-25

Unaudited financial results for the quarter ended June 2024	On or before 14th August 2024
Unaudited financial results for the quarter ending September 2024	On or before 14th November 2024
Unaudited financial results for the quarter ending December 2024	On or before 14th February 2025
Audited financial results for the year ending March 2025	On or before 30th May 2025
Annual General Meeting for the year ending March 2025	On or before 30th September 2025

## 13. DIVIDEND PAYMENT

The Board of Directors recommended an equity dividend at the rate of eight percentage (8%) on 25th May 2024, which is subject to deduction of tax, wherever applicable. Dividend will be paid on or after 10th September 2024 but within the stipulated time.

## 14. PROCEEDS FROM PUBLIC ISSUE OF NCDS

During the year under review, the Company raised an amount of ₹ 14,686.04 lakhs and ₹ 14,809.64 lakhs through Public Issue of Secured, Rated, Listed, Redeemable Non-convertible Debentures on 8th May 2023 and 27th February 2024 respectively. The Company has fully utilised the proceeds towards the objects stated in the prospectus.

## 15. LISTING ON STOCK EXCHANGES AND STOCK CODE

### a. 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 has redeemed Unsecured Redeemable Non-Convertible Debentures issued under Options IX, X and XI aggregating ₹ 5,854.91 (Principal amount - ₹ 4,374.80 lakh + Interest Amount ₹ 1,480.11 lakhs) on 15th June 2024.

The redemption was made on 15th June 2024 to the respective Debenture holders. With this redemption the entire NCD Public Issue 2019 was redeemed.

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

As per the terms and conditions of the Public Issue Prospectus dated 7th March 2020, your company has redeemed Secured Redeemable Non-Convertible Debentures issued under Options III, IV and V aggregating ₹ 2,045.47 lakhs (Principal amount - ₹ 1,746.83 lakh + Interest Amount ₹ 298.63 lakhs) on 8th August 2023 and Options VI, VII and VIII aggregating ₹ 3,841.82 lakhs (Principal amount - ₹ 3,272.12 lakh + Interest Amount ₹ 569.70 lakhs) on 7th June 2024.

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ Lakhs)	Date of Maturity
<b>II. Unsecured</b>						
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
<b>Total</b>					<b>1,603.70</b>	

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

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

As per the terms and conditions of the Public Issue Prospectus dated 25th June 2021, your company has redeemed the Secured Redeemable Non-Convertible Debentures issued under Options I and II aggregating ₹ 6,190.60 lakhs

(Principal amount - ₹6,162.78 lakh + Interest Amount ₹747.82 lakhs) on 29th September 2023. Options III and IV aggregating ₹3,258.27 lakhs (Principal amount) are due for redemption on 29th October 2024 and it will be paid on the due date 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
<b>I. Secured</b>						
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
<b>II. Unsecured</b>						
VII	INE302E08084	937595	10.50	Monthly	3,088.94	29th August 2026
VIII	INE302E08092	937597	NA	Cumulative	1,670.53	29th August 2026
<b>Total</b>					<b>13,690.87</b>	

\* will be redeemed on 29th October 2024.

**d. Details of Secured NCDs listed with BSE Limited - NCD Public Issue 2022**

As per the terms and conditions of the Public Issue Prospectus dated 5 April 2022, your company has redeemed Non-Convertible Debentures issued under Options I and II aggregating ₹2,293.15 lakhs (Principal amount - ₹2,061.49 lakh + Interest Amount ₹231.66 lakhs) on 29 April 2024.

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
III	INE302E07425	937977	8.75	Monthly	412.01	29th April 2025
IV	INE302E07433	937979	NA	Cumulative	681.25	29th April 2025
V	INE302E07441	937981	9.00	Monthly	227.64	29th April 2026
VI	INE302E07458	937983	NA	Cumulative	126.30	29th April 2026
VII	INE302E07466	937985	10.00	Monthly	4,374.51	29th April 2027
VIII	INE302E07474	937987	NA	Cumulative	2,116.80	29th April 2027
<b>Total</b>					<b>7,938.51</b>	

**e. Details of Secured NCDs listed with BSE Limited - NCD Public Issue 2023**

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I	INE302E07573	938592	9.00	Monthly	1,348.77	8th May 2025
II	INE302E07508	938594	NA	Cumulative	1,953.26	8th May 2025
III	INE302E07540	938596	9.25	Monthly	656.18	8th May 2026
IV	INE302E07516	938598	NA	Cumulative	1540.08	8th May 2026
V	INE302E07557	938600	9.50	Monthly	210.19	8th May 2027
VI	INE302E07490	938602	NA	Cumulative	251.01	8th May 2027
VII	INE302E07565	938604	10.25	Monthly	5,075.37	8th May 2028
VIII	INE302E07524	938606	NA	Cumulative	1,615.48	8th May 2028
IX	INE302E07532	938608	NA	Cumulative	2,035.70	8th June 2030
<b>Total</b>					<b>14,686.04</b>	

**f. Details of Secured NCDs listed with BSE Limited - NCD Public Issue: February 2024**

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I	INE302E07607	939268	9.00	Monthly	1,101.82	27th February 2026
II	INE302E07615	939270	NA	Cumulative	1,412.80	27th February 2026
III	INE302E07656	939272	9.25	Monthly	707.89	27th February 2027
IV	INE302E07599	939274	NA	Cumulative	1,787.01	27th February 2027
V	INE302E07649	939276	10.25	Monthly	5,703.14	27th February 2029
VI	INE302E07631	939278	NA	Cumulative	2,556.84	27th February 2029
VII	INE302E07623	939280	NA	Cumulative	1,540.14	29th March 2031
<b>Total</b>					<b>14,809.64</b>	

**g. Details of Secured NCDs listed with BSE Limited - NCD Public Issue: July 2024**

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I	INE302E07748	939599	9.00	Monthly	884.28	9th July 2026
II	INE302E07763	939601	NA	Cumulative	805.95	9th July 2026
III	INE302E07730	939603	9.25	Monthly	695.93	9th July 2027
IV	INE302E07755	939605	NA	Cumulative	966.66	9th July 2027
V	INE302E07706	939607	10.25	Monthly	5,989.48	9th July 2029
VI	INE302E07714	939609	NA	Cumulative	1,977.98	9th July 2029
VII	INE302E07722	939611	NA	Cumulative	1,047.16	9th August 2031
<b>Total</b>					<b>12,367.44</b>	

**h. Details of Secured NCDs listed with BSE Limited - NCD Private Placement June 2024**

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I	INE302E07664	975724	9.50	Monthly	210.00	7th June 2027
II	INE302E07680	975725	NA	Cumulative	50.00	7th June 2027
III	INE302E07672	975727	10.25	Monthly	185.00	7th June 2029
IV	NE302E07698	975728	NA	Cumulative	50.00	7th June 2029
<b>Total</b>					<b>495.00</b>	

**i. The Company's Stock Code for equity Shares is as follows:**

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066

**j. International Securities Identification Number (ISIN) (for Equity Shares)** INE302E01014
**k. Corporate Identification Number ("CIN")** L65910TZ1955PLC000145

#### L. 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 2023-24 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2023	34.86	28.25	61,209.46	58,793.08
May 2023	35.00	28.49	63,036.12	61,002.17
June 2023	40.99	26.99	64,768.58	62,359.14
July 2023	32.42	29.73	67,619.17	64,836.16
August 2023	35.39	29.00	66,658.12	64,723.63
September 2023	37.00	31.10	67,927.23	64,818.37
October 2023	45.73	32.50	66,592.16	63,092.98
November 2023	51.50	37.00	67,069.89	63,550.46
December 2023	55.00	43.94	72,484.34	67,149.07
January 2024	103.75	46.56	73,427.59	70,001.60
February 2024	98.00	74.93	73,413.93	70,809.84
March 2024	83.00	46.50	74,245.17	71,674.42

REGISTRARS AND SHARE TRANSFER AGENTS		DEBENTURE TRUSTEE
<b>Link Intime India Private Limited*</b> <b>(CIN: U67190MH1999PTC118368)</b>		<b>Catalyst Trusteeship Limited</b> CIN : U74999PN1997PLC110262 "GDA House" First Floor, Plot No. 85 Bhusari Colony (Right) Paud Road, Pune - 411 038 <b>Phone</b> : (020) 66807200 <b>Fax</b> : (022) 49220505 <b>E-mail</b> : dt@ctltrustee.com <b>Website</b> : www.catalysttrustee.com
For Equity Shares	For NCD Public Issue	
(Unit: Sakthi Finance Limited) "Surya", 35, May Flower Avenue Behind Senthil Nagar Sowripalayam Road Coimbatore - 641 028 <b>Phone</b> : (0422) 4958995, 2539835-836 <b>E-Mail</b> : coimbatore@linkintime.co.in <b>Website</b> : www.linkintime.co.in	C - 101, First Floor 247 Park, Lal Bahadur Shastri Marg Vikhroli (West), Mumbai - 400 083 <b>Phone</b> : (022) 4918 6200 <b>Fax</b> : (022) 4918 6195 <b>E-mail</b> : sakthifinance.ncd2024@linkintime.co.in <b>Website</b> : www.linkintime.co.in	

\* Former RTA, SKDC Consultants Limited has been merged with Link Intime India Private Limited with effect from 22nd December 2023.

#### m. 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. In terms of Regulation 40 of the Listing Regulations with respect to requests for effecting transfer / transposition of Securities held in Physical form, the company will issue a letter of confirmation for the transactions and will effect the transaction once the securities are dematerialized.

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company within 30 days of the financial year ended 2023-24. In terms of SEBI (Depositories and Participants) Regulations 2018, certificates have also been received from a Company Secretary in Practice for:

- timely dematerialization of shares of the company; and
- reconciliation of the share capital of the company by conducting a share capital audit on a quarterly basis.

#### 16. DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2024

The distribution of shareholding as at 31st March 2024 is given below:

Shareholding	No. of share holders	% of share holders	No. of shares	% of shareholding
1 - 500	9,598	88.17	11,94,151	1.85
501 - 1,000	626	5.75	4,89,051	0.76
1,001 - 2,000	302	2.77	4,45,079	0.69
2,001 - 3,000	120	1.10	3,03,280	0.47
3,001 - 4,000	52	0.48	1,90,608	0.29
4,001 - 5,000	47	0.43	2,16,096	0.33
5,001 - 10,000	63	0.58	4,67,179	0.72
10,001 and above	78	0.72	6,14,00,438	94.89
<b>Total</b>	<b>10,886</b>	<b>100.00</b>	<b>6,47,05,882</b>	<b>100.00</b>

#### 17. SHAREHOLDING PATTERN AS AT 31ST MARCH 2024

The shareholding pattern as at 31st March 2024 is given below:

Category	No. of Shares	Percentage
Promoters / Promoter Group	4,33,63,007	67.02
Other bodies corporate	1,12,70,667	17.42
Banks, Financial Institutions and Mutual Funds	900	0.00
Non-resident Incorporated Entity	44,50,000	6.88
Non-Resident Indians	45,009	0.07
Resident public	47,45,998	7.33
Unclaimed Shares Suspense Account	2,825	0.00
Any Others	2,64,289	0.41
Investor Education and Protection Fund	5,63,187	0.87
<b>Total</b>	<b>6,47,05,882</b>	<b>100.00</b>

#### 18. 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, namely National Securities Depository Limited ("**NSDL**") and Central Depository Services (India) Limited ("**CDSL**"). 5,83,54,234 Equity Shares of the Company constituting 90.18% of the paid-up equity capital were dematerialized as on 31st March 2024.

#### 19. 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 Agents. 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.

#### 20. 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.

#### 21. ADDRESS FOR CORRESPONDENCE

Sakthi Finance Limited  
 (CIN:L65910TZ1955PLC000145)  
**Regd. Office** : 62, Dr. Nanjappa Road, Coimbatore – 641 018  
**Tel** : (0422) 2231471-474, 4236200  
**E-mail** : investors@sakthifinance.com  
**Website**: www.sakthifinance.com

## 22. INVESTORS' CORRESPONDENCE

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

**Contact Person :** Sri K Jayakumar

Investors may also contact the Company Secretary and Compliance Officer at the Registered Office of the Company for any investors grievance related matters.

**Tel. Nos :** (0422) 2231471-474, 4236200 **E-mail :** investors@sakthifinance.com

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

## 23. CREDIT RATING

Rating Agency	Term	Type	Rating
ICRA Limited	Short/Long Term	Fixed Deposit Programme	[ICRA] BBB (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)

## 24. 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:

- Deletion of name of deceased shareholder(s), where shares are held in the name of two or more shareholders;
- Transmission of shares to the legal heir(s), where the deceased shareholder was sole holder;
- 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.

## 25. 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 C Subramaniam, 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.

## 26. DISCLOSURES RELATING TO UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) of the Listing Regulations, the Company opened a dematerialized account namely "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 2024 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	33	2,925
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	Shares relating to unclaimed for seven years transferred to Investors Education & Protection Fund account during the year	2	100
5	Aggregate number of shareholders and outstanding shares lying in Unclaimed Shares Demat Suspense Account at the end of the year	31	2,825

The voting rights in the shares outstanding in the suspense account as on 31st March 2024 shall remain frozen till the rightful owners of such shares claim the shares.

## 27. DISCLOSURE ON CERTAIN TYPES OF AGREEMENTS BINDING LISTED ENTITIES:

There are no agreements that require disclosure under clause 5A of paragraph A of Part A of Schedule III to the SEBI Listing Regulations.

## 28. OTHER DISCLOSURES

### a. Related Party Disclosures

The details of transactions with related parties are disclosed in **Note 43** 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](http://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 their approval. 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

During the financial year 2022-23, BSE Limited had levied a fine of ₹ 2,360 under Regulation 34 of the Listing Regulations for one day delay in submission of Annual Report 2022 with the BSE Limited. The Company has paid the fine on 29th October 2022.

During the year, the Adjudication Committee of Reserve Bank of India ("RBI") has, by its order dated 2nd January 2024 and a Press Release dated 12th January 2024, imposed a monetary penalty of ₹ 6.00 Lakhs on the Company for Non-Compliance with the Reserve Bank of India - Know Your Customer Directions, 2016 for the Financial Year 2021-2022. The penalty was imposed in exercise of the powers vested with Reserve Bank of India under the provisions of Section 58G(1)(b) read with Section 58B(5)(aa) of the Reserve Bank of India Act, 1934. Our Company has paid the entire penalty amount of ₹ 6.00 Lakhs to Reserve Bank of India on 29th January 2024.

### c. Vigil Mechanism (Whistle Blower Policy)

The Company has adopted a Vigil Mechanism (Whistle Blower Policy) 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 activities, this is not applicable.

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

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

### g. Certificate from Company Secretaries regarding non-debarment and non-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 fees for all the services paid by the Company to M/s C S K Prabhu & Co., Chartered Accountants (FRN:0024855), Statutory Auditors for the financial year is given below:

Particulars	Amount (₹ lakhs)
<b>Statutory Audit</b>	16.00
<b>Other Services</b>	
Limited Review fees	11.50
Certifications fees	13.28
Reimbursement of expenses	1.50
<b>Total</b>	<b>42.28</b>

### 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 2023 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, as amended and notified under Section 133 of the Companies Act 2013 ("the Act") and in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act. Further, the Company has also complied with all the directions relating to "Implementation of Indian Accounting Standards prescribed for Non-Banking Financial Companies ("NBFCs")" Annexure II to the Master Direction-RBI (NBFC-Scale Based Regulations) Direction 2023 dated 19th October 2023, as amended. Any application guidance/ clarifications/ directions issued by RBI or any other regulators will be implemented as and when they are made applicable.

#### **l. Mandatory requirements**

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

#### **m. Cyber Security**

There was no cyber security incidents or breaches or loss of data or documents which had taken place in the Company during the financial year 2023-24.

#### **n. Discretionary requirements**

a. 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, <a href="http://www.sakthifinance.com">www.sakthifinance.com</a> . 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 Practising Chartered Accountant as an internal auditor and he reports directly to the Audit Committee of the Company.

b. The Company has complied 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.

c. Disclosures on compliance with Corporate Governance requirements specified in Regulation 15(1A) (the Company becoming a 'High Value Debt Listed Entity'), 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 the Listing Regulations.

#### **o. 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 CFO have given necessary certificate to the Board for the financial year ended 31st March 2024.

#### **p. Auditor's certificate on Corporate Governance**

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

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

Sl No	Name of the Policy, Code or Charter	Brief description	Web Link
1	Terms of Appointment of Independent Directors	The appointment letter issued to Independent Directors detailing the broad terms and conditions of their appointment	<a href="https://www.sakthifinance.com/board-of-directors/">https://www.sakthifinance.com/board-of-directors/</a>
2	Board Committees	The composition of various Committees of the Board	<a href="https://www.sakthifinance.com/wp-content/uploads/2024/05/SFL_Committee-Position-from-1st-April-2024_compressed.pdf">https://www.sakthifinance.com/wp-content/uploads/2024/05/SFL_Committee-Position-from-1st-April-2024_compressed.pdf</a>
3	Code of Conduct	The Code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct	<a href="https://www.sakthifinance.com/wp-content/uploads/2023/02/1.-SFL_Code-of-Conduct_Directors_SMP-1.pdf">https://www.sakthifinance.com/wp-content/uploads/2023/02/1.-SFL_Code-of-Conduct_Directors_SMP-1.pdf</a>
4	Nomination And Remuneration Committee Charter	The Policy provides for the appointment / remuneration of directors and senior management personnel	<a href="https://www.sakthifinance.com/wp-content/uploads/2023/04/SFL_NRC-Charter-and-Remuneration-Policy.pdf">https://www.sakthifinance.com/wp-content/uploads/2023/04/SFL_NRC-Charter-and-Remuneration-Policy.pdf</a>
5	Policy for Appointment of Statutory Auditors	The policy has been formulated in accordance with the provisions contained in RBI Circular No. RBI/2021-22/25 Ref.No.DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021 issued by RBI.	<a href="https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_AuditorApptPolicy_14August2021.pdf">https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_AuditorApptPolicy_14August2021.pdf</a>
6	Internal Guidelines on Corporate Governance	Internal Guidelines on Corporate Governance have been formulated to comply with the RBI Notification dated 8th May 2007, as updated with RBI Master Directions dated 1st September 2016	<a href="https://www.sakthifinance.com/wp-content/uploads/2021/11/SFL_Int.guidance-on-Corp.gov_.pdf">https://www.sakthifinance.com/wp-content/uploads/2021/11/SFL_Int.guidance-on-Corp.gov_.pdf</a>
7	Vigil Mechanism (Whistleblower Policy)	Vigil Mechanism 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	<a href="https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL_Whistleblower-Policy_March-2022.pdf">https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL_Whistleblower-Policy_March-2022.pdf</a>
8	Policy on Related Party Transactions	This policy deals with related party transactions and regulation of all transactions between the Company and its related parties	<a href="https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL_Related-Policy-Transactions_March-2022.pdf">https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL_Related-Policy-Transactions_March-2022.pdf</a>
9	Familiarisation Programme	For Independent Directors through various programmes /presentations	<a href="https://www.sakthifinance.com/board-of-directors/">https://www.sakthifinance.com/board-of-directors/</a>
10	Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company	<a href="https://www.sakthifinance.com/wp-content/uploads/2024/05/SFL_Policy-for-Determination-of-Materiality-of-Event-or-Information_7th-August-2023_compressed.pdf">https://www.sakthifinance.com/wp-content/uploads/2024/05/SFL_Policy-for-Determination-of-Materiality-of-Event-or-Information_7th-August-2023_compressed.pdf</a>
11	Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes	<a href="https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf">https://sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf</a>
12	Corporate Social Responsibility Policy	The policy outlines the Company's strategic policy on society through programmes focussing on Health, Education etc.,	<a href="https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf">https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf</a>
13	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	<a href="https://www.sakthifinance.com/wp-content/uploads/2024/05/SFL_Policy-for-Determination-of-Materiality-of-Event-or-Information_7th-August-2023_compressed.pdf">https://www.sakthifinance.com/wp-content/uploads/2024/05/SFL_Policy-for-Determination-of-Materiality-of-Event-or-Information_7th-August-2023_compressed.pdf</a>
14	Investor Education and Protection Fund ("IEPF")	Statement of unclaimed and unpaid amount of Dividend, Shares, Debentures and Deposits	<a href="https://www.sakthifinance.com/investor-information/">https://www.sakthifinance.com/investor-information/</a>

For and on behalf of the Board

**M Manickam**

Chairman

DIN : 00102233

8th August 2024  
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 2024.

8th August 2024  
Coimbatore-18

For Sakthi Finance Limited  
**M BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053

### Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended

To

The Members of Sakthi Finance Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 10th April 2024.
2. Sakthi Finance Limited (hereinafter "**the Company**") is a public company which has Listed its Equity Shares and Rated, Secured, Redeemable, Non- Convertible Debentures in BSE Limited. The Corporate Governance Report prepared by the Company, contains details as specified in Regulation 15(1), Regulation 15(1A) (being a '**high value debt listed entity**'), Regulations 17 to 27, clauses (b) to (i) and (t) of sub-Regulation (2) of Regulation 46 and paragraphs C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("**the Listing Regulations**") ('Applicable criteria') for the year ended 31st March 2024 and the said Report will be submitted by the Company to the Stock Exchange ("**BSE Limited**") as part of the Annual Report.
3. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended 31st March 2024, as stipulated in Regulation 15(1), Regulation 15(1A) (being a 'high value debt listed entity'), Regulations 17 to 27, clauses (b) to (i) and (t) of Regulation 46(2) and paragraphs C, D and E of Schedule V of the Listing Regulations pursuant to the Listing Agreements of the Company entered into with BSE Limited.

#### Management's Responsibility

4. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
5. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### Auditor's Responsibility

6. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
7. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("**ICAI**"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
8. 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.
9. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i) Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii) Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;

- iii) Obtained and read the Register of Directors as on 31st March 2024 and verified that at least one independent woman director was on the Board of Directors throughout the year;
  - iv) Obtained and read the minutes of the following meetings/committee meetings/ other meetings held from 01 April 2023 to 31st March 2024.
    - a. Board Of Directors;
    - b. Audit Committee;
    - c. Annual General Meeting ("AGM");
    - d. Nomination and Remuneration Committee;
    - e. Stakeholders Relationship Committee;
    - f. Independent Director's Meeting;
    - g. Asset Liability Management Committee;
    - h. Risk Management Committee;
    - i. Information Technology ("IT") Strategy Committee;
    - j. NCD Issuance Committee; and
    - k. Allotment Committee
  - v) Obtained necessary declarations from the directors of the Company.
  - vi) Obtained and read the policy adopted by the Company for related party transactions.
  - vii) Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been approved by the audit committee before the transactions are entered into.
  - viii) Performed necessary inquiries with the management and also obtained necessary specific representations from management.
10. The above procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### **Opinion**

11. Based on the procedures performed by us, as referred in paragraph 9 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended 31st March 2024, referred to in paragraph 2 and 3 above.

#### **Other matters and Restriction on Use**

12. This report 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.
13. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

8th August 2024  
Coimbatore

For CSK Prabhu & Co  
Chartered Accountants  
ICAI Firm Registration Number: 0024855

**CSK PRABHU**  
Partner

Membership Number: 019811  
UDIN:24019811BKFAKO6569

**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 - 641 018

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 31st March 2024 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	Non-Executive Non-Independent Director	05314999

**Management's responsibility**

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**

Our responsibility is to express an opinion on this, 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  
 Firm Unique Identification No. P1994TN045300  
 Peer Review Certificate No. 733/2020

**R. Sivasubramanian**  
 Partner  
 Membership No. A22289  
 Certificate of Practice No.12052  
 UDIN : A022289F000915601

8th August 2024  
 Coimbatore

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES  
FOR THE FINANCIAL YEAR 2023-24**

## 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 2024):

Sl No	Name of Directors	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Sri P S Gopalakrishnan	Chairman, Independent Director	-	-
2	Dr A Selvakumar	Member, Independent Director	-	-
3	Sri M Balasubramaniam	Member, Non-Independent Director	-	-

Note : Since the CSR amount to be spent / spent by the Company is less than ₹ 50 lakhs, the functions of this Committee are discharged by the Board of Directors only in terms of Section 135(9) of the Companies Act 2013.

## 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:

a. Web-link for the Composition of CSR Committee: [https://www.sakthifinance.com/wp-content/uploads/2023/07/SFL\\_Committee-Position\\_March-2023.pdf](https://www.sakthifinance.com/wp-content/uploads/2023/07/SFL_Committee-Position_March-2023.pdf).

b. Web-link to the CSR Policy: [https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL\\_Corporate-Social-Responsibility\\_Policy.pdf](https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf)

## 4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable : Not Applicable

- Average net profits of the company as per Section 135(5) : ₹ 2,155.85 lakhs
- Two percent of average net profits of the company as per Section 135(5) : ₹ 43.12 lakhs
- surplus arising out of the CSR project programs or the activities of the previous final year : Nil
- Amount required to be set off for the financial year, if any : Nil
- Total CSR obligation for the financial year (5b+5c-5d) : ₹ 43.67 lakhs

## 6. a. Amount spent on CSR Projects :

(i) Ongoing Project : Not Applicable

(ii) Other than Ongoing Project :

Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Amount spent for the project (lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing Agency	
				Yes / No	State			District	Name
1	NA	Cultural	Yes	Tamilnadu, Coimbatore		4.95	Yes	NA	NA
2		Education	Yes			16.21	Yes	NA	NA
3		Health Care	Yes			1.51	Yes	NA	NA
4		Rural Development	Yes			4.00	Yes	NA	NA
5		Education	Yes			5.00	No	Shanti Ashram	CSR00014490
6						12.00	No	Sri Ramanandha Adigalar Foundation	CSR00028194
<b>Total</b>					<b>43.67</b>				

- Amount spent in Administrative Overheads : Nil
- Amount spent on Impact Assessment, if applicable : Nil
- Total amount spent for the Financial Year (6a+6b+6c) : ₹ 43.67 lakh

e. 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
43.67	(Not applicable, since there is no unspent amount)		Not applicable		

f. Excess amount for set-off, if any:

Sl No	Particulars	Amount (₹ lakh)
i	Two percent of average net profits of the company as per Section 135(5)	43.12
ii	Total amount spent for the financial year	43.67
iii	Excess amount spent for the financial year [(iii) - (i)]	0.55
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v	Amount available for set-off in succeeding financial years [(iii) - (iv)]	0.55

7. Details of Unspent CSR amount for the preceding three financial years: Not applicable

Sl No	Preceding Financial year	Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount	Date of Transfer		
1	-	Nil	Nil	Nil	NA	NA	Nil	Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profits as per Section 135(5) :  
Not applicable

For and on behalf of the Board

**M Manickam**  
 Chairman  
 DIN : 00102233

8th August 2024  
 Coimbatore

**Form No. MR-3**
**Annexure 5**
**Secretarial Audit Report for the financial year ended 31st March 2024**

[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 2023 to 31st March 2024 ("**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 2024 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 2024, 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**.
- 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 made 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 (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("**SAST**");
      - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ("**PIT**");
      - c. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR**");
      - d. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; ("**ILNS**").
    - 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 financial company.
    - vi. The listing agreements 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 2024 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 (iv)(b) of paragraph 1.1 above and applicable provisions of Secretarial Standards on Meetings of the Board ("**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 (i), (ii), (iii), (iv) (a), (c ), (d) and (e ), (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 (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("**ICDR**");
- v. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- vi. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

## 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 2024, the Board has:
  - i. 1 [One] Executive Director
  - ii. 3 [Three] 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 change in the composition of the Board of Directors during the year was carried out in compliance with the provisions of the Act and LODR:
  - i. Re-appointment of Dr. M.Manickam (DIN 00102233) as a Director, upon retirement by rotation at the 66th Annual General Meeting held on 21st September 2023.
- 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 / Committee meetings were sent to the directors at least seven days in advance except for the meetings which were convened at a shorter notice, as required under Secretarial Standard (SS-1) 1.3.11 and the same had been ratified by majority of the Directors.
- 2.6 Agenda and detailed notes on agenda were sent to the directors at least seven days before the Board / Committee

meetings except for the meetings which was convened at a shorter notice.

- 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. There are certain delays with respect to filing of few returns with RBI during the financial year and hence there is scope for improvement in the compliance systems and processes, keeping in pace with the growth in operations and increasing statutory and legal requirements..
- 3.2 The Adjudication Committee of Reserve Bank of India ("**RBI**") has, by its order dated 2nd January 2024 and a Press Release dated 12th January 2024, imposed a monetary penalty of ₹ 6 Lakhs on the Company for Non-Compliance with the Reserve Bank of India - Know Your Customer Directions, 2016 for the Financial Year 2021-2022. The penalty was imposed in exercise of the powers vested with Reserve Bank of India under the provisions of Section 58G(1)(b) read with Section 58B(5)(aa) of the Reserve Bank of India Act, 1934. The Company has paid the entire penalty amount of ₹ 6 Lakhs to Reserve Bank of India on 29th January 2024.

## 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 given their approval at the 66th Annual General Meeting held on 21st September 2023 by way of Special Resolutions for the following :

- a. 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
- b. To offer, issue and allot, in one or more tranches, secured or unsecured, listed or unlisted, Redeemable, Non-Convertible Debentures ("NCD's"), and /or other debt securities for an amount not exceeding ₹ 750 Crores on private placement basis, during the period of one year commencing from the date of 66th Annual General Meeting.
- c. Adoption of new set of Articles of Association in order to align with the provisions of Companies Act, 2013.

ii. Filed prospectus for public issue of Secured, 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 30th January 2024 and it was approved on 30th January 2024. The issue opened on 8th February 2024 and closed on 21st February 2024. Based on this, 14,80,964 numbers of Non-Convertible Debentures with a face value of ₹ 1,000 each amounting to ₹ 148.09 Crores were issued, allotted to the eligible allottees on 27th February 2024 and it has been listed and admitted for trading with BSE Limited with effect from 28th February 2024.

iii. Filed prospectus for public issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") up to ₹ 75 Crores with an option to retain over subscription up to ₹ 75 Crores, aggregating ₹ 150 Crores with Registrar of Companies, Tamilnadu, Coimbatore on 13th June 2024 and it was approved on 13th June 2024. The issue opened on 20th June 2024 and closed on 3rd July 2024. Based on this, 12,36,744 numbers of Non-Convertible Debentures with a face value of ₹ 1,000 each amounting to ₹ 123.67 Crores were issued, allotted to the eligible allottees on 9th July 2024 and it has been listed and admitted for trading with BSE Limited with effect from 11th July 2024.

iv. The following Secured, Redeemable, Non-Convertible Debentures allotted under Public Issues were redeemed.

Sl No.	Year of Issue	Option	Amount (₹ Lakhs)	Interest (₹ Lakhs)	Date of Redemption
1	2020	III	811.80	1.52	8th August 2023
2		IV	141.50	5.10	
3		V	793.53	292.02	
4	2021	I	2,948.94	21.49	29th Sept. 2023
5		II	3,213.84	726.33	
6	2022	I	826.37	5.39	29th April 2024
7		II	1,235.12	226.27	

v. The Company has issued and allotted 14,39,150 numbers of 9% Redeemable, Cumulative, Preference Shares with a face value of ₹ 100 each on various dates during the year amounting to ₹ 14,39,15,000.

vi. Redeemed 11,69,000 numbers of 8.25% Redeemable Cumulative Preference Shares aggregating to ₹ 11,69,00,000 which was issued in earlier years.

vii. Members have accorded their approval by way of Special Resolutions through Postal Ballot Process on 29th April 2024 for the following:

- a. 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.
- b. To offer, issue and allot, in one or more tranches, Secured, Listed, Redeemable, Non-Convertible Debentures ("NCD's"), for an amount not exceeding ₹ 50 Crores on private placement basis within the overall borrowing limits of the Company as approved by the Members.

viii. Filed General Information Document and Key Information Document with BSE Limited on 30th May 2024 for the Private Placement issue of Secured, Redeemable Non-Convertible Debentures. BSE Limited has given its In Principle approval for it on 4th June 2024. Based on this, the Company has allotted 495 numbers of Secured, Redeemable, Non-Convertible Debentures with a face value of ₹ 1 Lakh amounting to ₹ 4.95 Crores to the eligible allottees on 7th June 2024 and it has been listed and admitted for trading with BSE Limited with effect from 11th June 2024.

For S. Krishnamurthy & Co.,  
 Company Secretaries  
 Firm UI No. P1994TN045300  
 Peer Review Certificate No. 733/2020

**R. Sivasubramanian**  
 Partner

Membership No. A22289

Certificate of Practice No.12052

UDIN : A022289F000915544

8th August 2024  
 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 2024 is to be read along with this letter.

**1. Management’s Responsibility:**

The Company’s management is responsible for maintenance of secretarial records, making the statutory/ regulatory disclosures/ filings and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards.

**2. Secretarial Auditors’ Responsibility:**

Our responsibility as a Secretarial Auditor is to express an opinion on the compliance with the applicable laws and maintenance of records based on our audit.

3. 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 and the audit was conducted in accordance with applicable auditing standards issued by The Institute of Company Secretaries of India. Those Standards require that the Auditor comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

4. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2024 but before the issue of this report.

5. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion obtained as being in compliance with law.
6. 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.
7. We have not verified the correctness and appropriateness of financial statements, financial records and books of accounts of the Company.
8. We have obtained the Management’s representation about compliance of laws, rules and regulations and happening of events, wherever required.
9. 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.
10. Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

For S. Krishnamurthy & Co.,  
Company Secretaries  
Firm UI No. P1994TN045300  
Peer Review Certificate No. 733/2020  
**R. Sivasubramanian**  
Partner  
Membership No. A22289  
Certificate of Practice No.12052  
UDIN : A022289F000915544

8th August 2024  
Coimbatore

**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 paid during the financial year 2023-24 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 2023-24**

Sl No	Name and Designation of the Director	Remuneration for FY 2023-24 (₹ lakh)	Ratio to median remuneration
1	Dr M Manickam, Chairman	3.00	0.92:1
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	125.05	38.48:1
3	Sri M Srinivaasan, Director	2.70	0.83:1
4	Dr A Selvakumar, Director	10.40	3.20:1
5	Sri P S Gopalakrishnan, Director	2.40	0.74:1
6	Smt Priya Bhansali, Director	4.40	1.35:1
7	Sri K P Ramakrishnan, Director	6.40	1.97:1
8	Dr S Veluswamy, Director	2.80	0.86:1

**B. Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2023-24**

Sl No	Name and Designation of the Director / Key Managerial Personnel ("KMP")	Remuneration for FY 2023-24 (₹ lakh)	% increase in remuneration in FY 2023-24
1	Dr M Manickam, Chairman	3.00	(30.23)
2	Sri M Balasubramaniam, Vice Chairman and Managing Director	125.05	16.48
3	Sri M Srinivaasan, Director	2.70	(40.00)
4	Dr A Selvakumar, Director	10.40	(17.46)
5	Sri P S Gopalakrishnan, Director	2.40	(46.67)
6	Smt Priya Bhansali, Director	4.40	(37.14)
7	Sri K P Ramakrishnan, Director	6.40	(24.71)
8	Dr S Veluswamy, Director	2.80	(92.92)
9	Sri Srinivasan Anand, Chief Financial Officer	26.10	1.20
10	Sri C Subramaniam, Company Secretary	20.06	-

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

2. Sri C Subramaniam has been appointed as Company Secretary with effect from 6th March 2023 only, percentage increase in remuneration is not applicable

**C. Other Information**

a	The percentage increase in the median remuneration of all employees during the financial year 2023-24	<b>2.09%</b>
b	The number of permanent employees on the rolls of the company as on 31st March 2024	<b>558</b>
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 2023 - 24 was 0.75%. Average Percentage (Increase/decrease) in the managerial remuneration for the year was <b>(6.53%)</b> .
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 2023-24) 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	Remuneration received (₹ lakh)	Qualifications and Experience (Years)	Date of commencement of employment	Previous Employment	No of Shares held and held and (%)
1	Sri M Balasubramaniam (66)	Vice Chairman and Managing Director	125.05	M.Com, MBA (USA) (39)	21/08/1985	Director, ABT Industries Limited	1,92,000 (0.30)
2	Dr K Natesan (65)	President	29.32	MA, LLB, MBA, Ph.D (43)	03/04/1992	Asst Manager (Personnel), Tamilnadu Telecommunications Limited	150 (0.00)
3	Sri C. Muthubharathi (40)	General Manager - HR	26.42	MBA (17)	18/11/2020	Ashirwad Microfinance Limited	-
4	Sri Srinivasan Anand (70)	Chief Financial Officer	26.10	B.Com, ACA (47)	03/09/2021	Chief Audit Officer, ABT Foundation Limited	-
5	Sri Jom Kuriakose Joseph (41)	Associate Vice President – Strategic Initiatives and Resources	25.09	MBA (7)	27/06/2022	Asst. Vice President ICICI Lombard GIC Limited.	-
6	Sri Viswanathan Venkateswaran (45)	General Manager - OSM	24.74	B.E ,PGDM (20)	07/07/2021	Assistant Professor, Amrita Vishwa Vidyapeetham	-
7	Dr N Raveendran (64)	Chief Information Officer	23.50	B.Com, MBA, Ph.D (43)	11/06/2009	Senior Manager (IT Services), Pricol Limited	-
8	Sri Gandeeban Dharuman (44)	Chief Information Security Officer	22.26	BTech (20)	17/02/2022	Chief Manager IT, Asirvad Micro-Finance Limited	-
9	Sri M Purushothaman (65)	Associate Vice President (HR)	22.02	BSc, MBA (41)	02/06/2010	Head - Strategic Planning, BK Group, Kolkata	-
10	Sri Joseph Sagayaraj (61)	General Manager - Receivables Management	20.67	B.Com (34)	01/12/2005	Regional Credit Manager, Cholamandalam Finance and Investment Company Ltd	-

Notes:

- The above table is based on payouts made during the year.
- 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, wherever applicable.
- 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 Srinivasan, Director.
- During the Financial year 2023-24, 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.
- The appointments of Managing Director are contractual in nature.

For and on behalf of the Board  
**M Manickam**  
Chairman  
DIN : 00102233

## INDEPENDENT AUDITOR'S REPORT

To

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 31 March 2024, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and notes to the Financial Statements, including a summary of the material accounting policies and other explanatory information (hereinafter referred to as "**the Financial Statements**").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("**Ind AS**") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2024, its profit and other comprehensive income/ loss, changes in equity and its cash flows for the year ended on that date.

### Description of Key Audit Matter

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4.1 Asset Classification</b></p> <p>Accuracy in identification and categorization of receivables from financing activities (loans) as performing and non-performing assets and in ensuring appropriate asset classification, existence and valuation of security/ collaterals, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance with applicable guidelines/directions issued by Reserve Bank of India ("<b>RBI</b>").</p> <p>As part of our risk assessment, we determined that accuracy of asset classification has bearing on the Financial Statements as a whole. Given the complexity of the matter, we determined this to be a Key Audit Matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off, including non-performing assets, existence and valuation of security/ collaterals as per applicable RBI guidelines/directions.</li> <li>• 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 ("<b>ICAI</b>").</li> <li>• Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance.</li> <li>• We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI.</li> <li>• 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.</li> <li>• Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.</li> </ul>

### Basis for Opinion

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

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year. 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. We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4.2 Impairment of Loans (Expected Credit Losses) (Refer to the Material Accounting Policies in Note 3.a.(v) to the Financial Statements and Note 45 to the Financial Statements).</b></p> <p>Management’s judgements in the calculation of impairment allowances have significant impact on the Financial Statements.</p> <p>The estimates regarding impairment allowances are complex and require a significant degree of judgement, which increased with Expected Credit Loss (“ECL”) model as required by Ind AS 109 relating to “Financial Instruments.” Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset.</p> <p>The key areas of judgement include:</p> <ol style="list-style-type: none"> <li>1. Categorization of loans into Stage 1, 2 and 3 based on identification of:                             <ol style="list-style-type: none"> <li>a. Exposures with significant increase in credit risk since their origination and</li> <li>b. Individually impaired / default exposures and determination of Exposure at Default (‘EAD’).</li> </ol> </li> <li>2. Techniques used to determine Loss Given Default (‘LGD’) and Probability of Default (‘PD’) to calculate ECL.</li> <li>3. The impact of different forward-looking information including future macro-economic factors in the determination of ECL.</li> </ol> <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at amortized cost. Management has made a number of interpretations and assumptions when designing and implementing models that are compliant with the standards.</p> <p>The accuracy of data flows and the implementation of related controls are critical for the integrity of the estimated impairment provisions.</p> <p>In view of such high degree of Management’s judgement involved in estimation of ECL, it is considered as a key audit matter.</p>	<p>Our Audit Procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans.</li> <li>• For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation.</li> <li>• We also assessed the appropriateness of the impairment methodology adopted by the management including the presentation and disclosure requirements. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard.</li> </ul> <p>Based on the above work performed, management’s assessment of impairment loss allowance and related disclosures are considered to be reasonable.</p>
<p><b>4.3 Information technology system</b></p> <p>The dependence of Information technology (“IT”) system is run throughout the operating cycle of the company. Hence the reliability on Company’s key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> <li>• IT infrastructure and applications relevant to the financial reporting.</li> <li>• Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security (“IS”) Audit performed in respect thereof.</li> <li>• 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.</li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>In view of this, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<ul style="list-style-type: none"> <li>• The aspects covered in the IT systems General Control audit were:                             <ul style="list-style-type: none"> <li>(i) User Access Management</li> <li>(ii) System maintenance control have been ensured by understanding the design and the operating effectiveness of such controls in the system;</li> </ul> </li> <li>• Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting</li> <li>• 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</li> </ul>

#### Other Information

5. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the Financial Statements and our auditor's report thereon.
6. The other information is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
7. In connection with our audit of the Financial Statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
8. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

9. The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements that give a true and fair view of the State of Affairs, profit including Other Comprehensive Income / loss, Changes in Equity and Cash Flows of the Company in conformity with the Indian Accounting Standards prescribed under Section 133 of the act read with the Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India.

10. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the Financial Statements, the Board of Directors' are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.
12. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards of Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,



- individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
  - Conclude on the appropriateness of Management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on Other Legal and Regulatory Requirements**
18. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable..
19. (A) **As required by Section 143(3) of the Act, we report that:**
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company in electronic mode on servers physically located in India, so far as it appears from our examination of those books and further the process of taking daily back-up is in place. Refer Note 56 to the Financial Statements. In respect of reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), please refer to matters stated in paragraph 19(B)(f) below.
  - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e. On the basis of the written representations received from the directors as on 31 March 2024, taken on record by the Board of Directors, none of

the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 19(A)(b) above (on reporting under section 143(3)(b) of the Act) and paragraph 19(B)(f) below (on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended)).
- g. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**" to this report.

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, (as amended) in our opinion and to the best of our information and according to the explanations given to us:

- a. The Company has disclosed the impact of pending litigations as at 31st March 2024 on its financial position in its Financial Statements - Refer Note 32(i) to the financial statements.
- b. The Company has made provision, as required under the applicable law or Ind As, for material foreseeable losses, if any, on Long-term contracts. The company did not have derivative contracts for which there were any material foreseeable losses.
- c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("**IEPF**") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the financial statements.
- d. i) The Management has represented that, to the best of their knowledge and belief, as disclosed in Note 36(i) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("**Intermediaries**"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("**Ultimate Beneficiaries**") by or on behalf of the Company

or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- ii) The Management has also represented that, to the best of their knowledge and belief, as disclosed in Note 36(j) to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("**Funding Parties**"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("**Ultimate Beneficiaries**") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representations under paragraphs 19 (B) (d) (i) and 19 (B) (d) (ii) contain any material misstatement.
- e) i) The Equity dividend recommended for the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
- ii) The interim dividend declared and paid by the Company on Redeemable, Cumulative, Preference Shares during the current year is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
- iii) As stated in Note 57 to the financial statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.
- f) Based on our examination which included test checks, the Company has used accounting software's for maintaining the books of accounts, which has a feature of recording audit (edit log) facility and the same has been operating throughout the year for all the relevant transactions recorded in the software's. Further during the course of our audit, we did not come across any instance of audit trail (edit log) feature been tampered with. As proviso to

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

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid/

provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/ provided to directors is within the limits laid down under Section 197 of the Act.

For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Registration Number : 0024855

**CSK Prabhu**  
Partner

Coimbatore  
25th May 2024

Membership No.019811  
UDIN: 24019811BKFAJN7471

### The Annexure-'A' to the Independent Auditor's Report

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the Financial Statements for the year ended 31st March 2024, we report the following:

i. a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Investment Properties.

(B) The Company is maintaining proper records showing full particulars of Intangible Assets.

b) On the basis of our examination of the records of the Company, Property, Plant and Equipment (PPE) have been physically verified by the management at reasonable intervals in a phased manner. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) On the basis of our examination of the records of the Company and conveyance deeds/lease agreements and such other documents provided to us, the title deeds of all the immovable properties, disclosed in the Financial Statements, are held in the name of the company. Refer Note 36(a) to the Financial Statements. In respect of immovable properties taken on lease and disclosed as right-of-use assets in the Financial Statements, the lease agreements are in the name of the company.

d) On the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets or both during the year.

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 36(d) to the financial statements.

ii. a) The Company is engaged in the business of providing loans and does not have any physical inventories. Accordingly, reporting under Clause 3(ii)(a) of the Order is not applicable.

b) During the year, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of the security of current assets (Loan/Finance Receivables). Based on our examination of the records of the Company, the applicable quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company. Refer Note 36(e) to the Financial Statements.

iii. a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans. Therefore, the provisions of Clause (iii)(a)(A) and Clause (iii)(a)(B) of the Order are not applicable.

b) In our opinion and according to the information and explanations given to us, wherever applicable, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.

c) On the basis of our examination of the records of the Company, in our opinion, in respect of loans and advances in the nature of loans given, the schedule of repayment of principal and payment of interest has been stipulated. Since the Company is a Non-Banking

Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans to customers, and in view of the voluminous nature of loan transactions generated in the normal course of the Company's business, it is not practicable to furnish the entity-wise details of the loan amount, due date for payment and extent of delay (as suggested in the Guidance Note on CARO 2020 issued by the Institute of Chartered Accountants of India for reporting under this clause) and hence have not been reported. Further, except for loans where there are delays or defaults in repayment of principal and/or interest as at the balance sheet date, in respect of which the Company has disclosed the loan asset classification/staging in Note 49.5 to the financial statements in accordance with the Indian Accounting Standards ("Ind AS") and the guidelines/directions issued by the RBI, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest, as applicable.

- d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("NPAs"), in accordance with the provisions of the applicable Accounting Standards as disclosed in Note 49.5 to the Financial Statements and as per Accounting Policy described in Note 3.a.(v) to the Financial Statements and in accordance with the relevant guidelines/directions of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("RBI") Guidelines/Directions have been followed in this respect. The total amount overdue for more than ninety days identified as at 31st March 2024 is as follows: Number of such Overdue Receivables is 1,937 cases (Previous Year 2,252 cases), Principal Amount Overdue is ₹ 3,293.79 Lakhs (Previous Year: ₹ 3,470.53 Lakhs), Interest Amount Overdue is ₹ 736.02 Lakhs (Previous Year: ₹ 738.07 Lakhs) and Total Amount Overdue is ₹ 4,029.81 Lakhs (Previous Year: ₹ 4,208.60 Lakhs).
- e) Since the company is a NBFC registered with RBI and the Company's principal business is to give loans, reporting under Clause (iii)(e) of the Order is not applicable to the company.
- f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2024 stood at ₹ 20.20 lakhs (Previous Year: ₹ 89.42 lakhs) representing 0.02% (Previous Year 0.07%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and Capital Advances not in the nature of loans.
- iv. According to the information and explanation given to us, the Company has not granted any loans, made investments or provided guarantees in contravention of provisions of Section 185 of the Act. The Company has complied with the provisions of Section 186(1) of the Act. The other provisions of Section 186 of the Act are not applicable to the Company as the Company is a Non-Banking Financial Company Registered with RBI.
- v. In our opinion and according to the information and explanations given to us, the company is a Deposit taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India. In respect of the deposits accepted by the company or amounts which are deemed to be deposits, the company has complied with the directions issued by the Reserve Bank of India. The provisions of Section 73 to 76 of the Act and any other relevant provisions of the Act and the rules made thereunder with regard to deposits accepted from the public are not applicable to the company. We are informed by the management that no order has been passed by National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act for the activities of the company. Accordingly, Clause 3(vi) of the Order is not applicable.
- vii. a) In our opinion and according to the information and explanations given to us and based on the records examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable with the appropriate

authorities. There are no arrears of outstanding statutory dues as on the last day of the financial year for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, duty of excise, Value Added Tax or Cess or other statutory dues, as applicable, which have not been deposited on account of any dispute, except as mentioned below: Refer Note 32(i) to the Financials Statements.

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates (Financial year)	Forum where the dispute is pending
Income Tax Act, 1961	Income tax	9.83*	2011-12	Assessing Officer
Income Tax Act, 1961	Income tax	174.92 (Gross Demand 217.16* Less: Amount deposited under protest 42.24)	2015-16	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	1939.04 (Gross Demand 2082.34* Less: Amount deposited under protest 143.30)	October 2009 to June 2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

\*excluding appropriate Interest not determined

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.
- ix. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.
- c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained. Refer note 60 of Financial Statement.
- d) According to the information and explanations given to us and the procedures performed by us, and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- e) According to the information and explanations given to us on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.
- f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause (3)(ix)(f) of the Order is not applicable.
- x. a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures and Redeemable Preference Shares during the financial year under report. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised. Further unutilized funds at the end of the year under report were invested in Fixed Deposits in Banks, Pending utilization of the same post the balance sheet date.
- b) The Company has not made any preferential allotment or private placement of convertible debentures (fully, partially or optionally convertible) during the year under report. Further the company has not made any preferential allotment of shares during the year under report. However, the Company has made Private Placement of preference shares during the year under report and has complied with the requirements of Section 42 and Section 62 of the Companies Act, 2013. Further the funds raised by such private placement of preference shares have been used for the purpose for which the funds were raised.

- xi. a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit. Further we have not been informed of any such case by the management. Refer Note 59 of Financial Statements.
- b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial/cost auditor or by us in Form ADT – 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.
- xii. The Company is not a Nidhi Company. Accordingly, Clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the Financial Statements, as required by the applicable accounting standards. (Refer Note 43 of Financial Statements).
- xiv. a) In our opinion, and in accordance to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered all the internal audit reports issued to the Company for the period under audit.
- xv. According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.
- xvi. a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.
- b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.
- c) According to the information and explanations given to us, the Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.
- d) Based on the information and explanations provided to us by the management of the Company, the Group does not have any CICs as part of the Group.
- xvii. The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of Statutory Auditors of the Company during the year and accordingly paragraph 3(xviii) of the order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Refer Note 38 and Note 45 (Liquidity Risk) to the financial statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. a) On the basis of information and explanations given to us by the Company, in respect of other than on-going projects, as at balance sheet date, the Company has no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.
- b) On the basis of information and explanations given to us by the Company, the Company has no on-going projects as at the balance sheet date. The Company has

no amounts remaining unspent under sub-section (5) of Section 135 of the Companies Act, requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 37 to the financial statements).

the provisions of any statute. Accordingly, reporting under Clause (xxi) of para 3 of the Order is not applicable.

For CSK Prabhu & Co.,  
Chartered Accountants  
Firm Registration Number : 0024855

xxi. According to information and explanations given to us, the company does not have any Subsidiary/Associate/Joint Venture and therefore is not required to prepare and present consolidated Financial Statements pursuant to

CSK Prabhu  
Partner  
Coimbatore  
25th May 2024  
Membership No.019811  
UDIN: 23214194BGYQPT8995

## Annexure –'B' to the Independent Auditor's Report

### Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Act

(Referred to in paragraph 19(A)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Opinion

1. We have audited the internal financial controls with reference to Financial Statements of Sakthi Finance Limited ("**the Company**") as at 31st March 2024 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31st March 2024, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "**Guidance Note**").

#### Management's Responsibilities for Internal Financial Controls

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the

Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and whether such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, with reference to financial statements assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to Financial Statements.

#### Meaning of Internal Financial Controls with Reference to Financial Statements

7. A company's internal financial controls with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Financial Statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

8. Because of the inherent limitations of internal financial controls with reference to Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with

reference to Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

CSK Prabhu  
Partner

Coimbatore  
25th May 2024

Membership No.019811  
UDIN: 24019811BKFAJN7471



**SAKTHI FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2024**

(₹ Lakhs)			
Particulars	Note	As at 31st March 2024	As at 31st March 2023
<b>ASSETS</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	4	7,478.74	3,002.79
Bank Balances other than Cash and Cash Equivalents	4A	2,522.02	42.91
Derivative Financial Instruments		-	-
Receivables	5		
(i) Trade Receivables		186.11	226.21
(ii) Other Receivables		12.22	18.39
Loans	6	1,20,172.39	1,14,500.10
Investments	7	1,390.07	1,344.51
Other Financial Assets	8	1,382.94	1,288.55
<b>Non-Financial Assets</b>			
Current tax Assets (net)		-	33.15
Deferred tax Assets (net)	9	387.03	395.30
Investment Property	10	266.02	270.61
Property, Plant and Equipment	11 (a)	5,665.91	5,844.58
Right of use assets	11 (b)	945.70	1,059.12
Intangible Assets under development	11 (c)	67.79	-
Other Intangible Assets	11 (d)	165.31	156.58
Other Non-Financial Assets	12	1,853.35	1,875.19
<b>Total Assets</b>		<b>1,42,495.60</b>	<b>1,30,057.99</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial Liabilities</b>			
Payables	13		
<b>(I) Trade Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises		0.59	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		226.01	156.15
<b>(II) Other Payables</b>			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		189.83	193.26
Debt Securities	14	65,619.57	48,792.43
Borrowings (Other than debt securities)	15	12,480.27	14,654.08
Deposits	16	8,281.47	2,444.17
Subordinated Liabilities	17	31,166.98	41,512.40
Other Financial Liabilities	18	2,318.66	1,384.96

**BALANCE SHEET AS AT 31ST MARCH 2024 (CONTD...)**

(₹ Lakhs)

Particulars	Note	As at 31st March 2024	As at 31st March 2023
<b>Non-Financial Liabilities</b>			
Current tax Liabilities (net)		3.46	–
Provisions	19	142.72	135.49
Other Non-Financial Liabilities	20	229.07	97.78
<b>EQUITY</b>			
Equity Share Capital	21	6,470.59	6,470.59
Other Equity	22	15,366.38	14,216.68
<b>Total Liabilities and Equity</b>		<b>1,42,495.60</b>	<b>1,30,057.99</b>
The accompanying Notes form an integral part of the Financial Statements	1 -63		

As per our report of even date  
**For CSK Prabhu & Co.,**  
 Chartered Accountants  
 Firm Regn. No.: 0024855

**CSK PRABHU**  
 Partner  
 Membership No. 019811

Place : Coimbatore  
 Date : 25th May 2024

For and on behalf of the Board

**M. BALASUBRAMANIAM**  
 Vice Chairman and Managing Director  
 DIN : 00377053

**C. SUBRAMANIAM**  
 Company Secretary  
 Membership No. FCS 6971

**M. MANICKAM**  
 Chairman  
 DIN : 00102233

**SRINIVASAN ANAND**  
 Chief Financial Officer  
 Membership No.020694

**SAKTHI FINANCE LIMITED**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024**


Since 1955

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2024	For the year ended 31st March 2023
<b>REVENUE FROM OPERATIONS</b>			
Interest Income	23	19,826.18	18,476.72
Lease Rental Income		64.18	30.94
Fees and Commission Income	24	511.22	459.47
Sale of power from Wind Mills	25	192.37	173.13
Recovery of Bad Debts		80.16	40.34
<b>Total Revenue from operations</b>		<b>20,674.11</b>	<b>19,180.60</b>
Other Income	26	0.25	13.37
<b>Total Income</b>		<b>20,674.36</b>	<b>19,193.97</b>
<b>Expenses</b>			
Finance Costs	27	11,572.62	10,926.13
Fees and commission expense		111.01	107.44
Impairment on financial instruments	28	675.04	926.07
Employee Benefit Expenses	29 & 43	3,664.70	3,246.21
Depreciation and Amortization Expense	10, 11, 30	587.44	546.93
Other Expenses	31	1,915.76	1,705.22
<b>Total Expenses</b>		<b>18,526.57</b>	<b>17,458.00</b>
<b>Profit before Exceptional and Extraordinary Items and Tax</b>		<b>2,147.79</b>	<b>1,735.97</b>
Exceptional Items		-	-
<b>Profit before Tax</b>		<b>2,147.79</b>	<b>1,735.97</b>
<b>Tax Expense:</b>	41	<b>577.25</b>	<b>486.60</b>
- Current Tax		572.38	674.65
- Deferred Tax		(2.52)	(188.05)
- Provision for Taxation (earlier years)		7.39	-
<b>Profit for the year</b>		<b>1,570.54</b>	<b>1,249.37</b>
<b>Other Comprehensive Income</b>	22		
<b>(A) Items that will not be reclassified to profit or loss</b>			
- Fair value changes in Equity Instruments		39.91	36.38
- Actuarial Changes in Defined benefit obligation		2.96	6.06
- Income Tax relating to items that will not be reclassified to profit or loss		(10.79)	(10.68)
<b>Sub Total (A)</b>		<b>32.08</b>	<b>31.76</b>
<b>(B) Items that will be reclassified to profit or loss</b>			
<b>Total Other Comprehensive Income (A+B)</b>		<b>32.08</b>	<b>31.76</b>
<b>Total Comprehensive Income</b>		<b>1,602.62</b>	<b>1,281.13</b>
Earnings per Equity Share	3(u) & 44		
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		2.43	1.93
- Diluted (₹)		2.43	1.93
The accompanying Notes form an integral part of the financial statements	1-63		

As per our report of even date

**For CSK Prabhu & Co.,**

Chartered Accountants

Firm Regn. No. : 0024855

**CSK PRABHU**

Partner

Membership No. 019811

Place : Coimbatore

Date : 25th May 2024

For and on behalf of the Board

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

DIN : 00377053

**M. MANICKAM**

Chairman

DIN : 00102233

**C. SUBRAMANIAM**

Company Secretary

Membership No. FCS 6971

**SRINIVASAN ANAND**

Chief Financial Officer

Membership No.020694

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2024

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

Particulars	As at 31st March 2024	As at 31st March 2023
Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting year	6,470.59	6,470.59
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting year	6,470.59	6,470.59

B. OTHER EQUITY (Refer Note 22)

(1) Current reporting year (1st April 2023 to 31st March 2024)

(₹ Lakhs)

Particulars	Reserves and Surplus					Items of Other Comprehensive Income						Money received against share warrants	Total
	Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-IC of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Actuarial changes in defined benefit obligations		
Balance at the beginning of the current reporting year	52.61	1,429.80	4,436.00	3,792.92	4,463.43	-	13.02	-	-	-	28.90	-	14,216.68
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	52.61	1,429.80	4,436.00	3,792.92	4,463.43	-	13.02	-	-	-	28.90	-	14,216.68
Total Comprehensive Income for the year	-	-	-	-	1,570.54	-	29.87	-	-	-	2.23	-	1,602.64
Dividends	-	-	-	-	(452.94)	-	-	-	-	-	-	-	(452.94)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	314.11	(314.11)	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2024	52.61	1,429.80	4,436.00	4,107.03	5,266.92	-	42.89	-	-	-	31.13	-	15,366.38

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD...)**  
**(2) Previous reporting year (1st April-2022 TO 31st March 2023)**

(₹ Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Items of Other Comprehensive Income						Money received against share warrants	Total
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 45-1C of RBI Act, 1934)	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation		
Balance at the beginning of the current reporting year 1st April 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	24.37	-	13,323.80
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	24.37	-	13,323.80
Total Comprehensive Income for the year	-	-	-	-	-	-	1,249.37	27.22	-	-	-	4.53	-	1,281.12
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	249.87	(249.87)	-	-	-	-	-	-	-
Balance as at 31st March 2023	-	-	52.61	1,429.80	4,436.00	3,792.92	4,463.43	13.02	-	-	-	28.90	-	14,216.68

The accompanying Notes form an integral part of the financial statements

As per our report of even date

**For CSK Prabhu & Co.,**

Chartered Accountants

Firm Regn. No. : 0024855

**CSK PRABHU**

Partner

Membership No. 019811

Place : Coimbatore

Date : 25th May 2024

For and on behalf of the Board

**M. BALASUBRAMANIAM**

Vice Chairman and Managing Director

DIN : 00377053

**M. MANICKAM**

Chairman

DIN : 00102233

**C. SUBRAMANIAM**

Company Secretary

Membership No. FCS 6971

**SRINIVASAN ANAND**

Chief Financial Officer

Membership No.020694



**Sakthi Finance**

Since 1955

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2024	For the year ended 31st March 2023
<b>A. Cash flow from Operating activities</b>			
Profit before tax		2,147.79	1,735.97
<b>Adjustment to reconcile profit before tax to net cash flows :</b>			
<b>Non-cash expenses</b>			
Depreciation, amortisation	30	587.44	546.93
Impairment on Financial Instruments	28	355.40	680.88
Bad debts and write-offs	28	336.69	233.77
Remeasurement gain/(loss) on defined benefit plans		2.96	6.06
Impairment on investments	28	1.41	4.75
Impairment on Trade receivables	28	(18.46)	6.67
Amortization of fees and Commission on financial liabilities		184.10	172.69
<b>Income/expenses considered separately</b>			
Income from investing activities		(259.82)	(173.87)
Net gain/loss on derecognition of property, plant and equipment	31	0.23	2.39
Finance costs	27	11,572.62	10,926.13
<b>Operating profit before working capital changes</b>		<b>14,910.36</b>	<b>14,142.37</b>
<b>Movements in Working Capital:</b>			
Decrease/(increase) in loans		(6,364.38)	(5,103.55)
Decrease / (increase) in Trade receivables		58.56	(63.63)
Decrease / (increase) in other receivables		6.17	(1.83)
Decrease / (increase) in other financial assets		(77.47)	444.19
Decrease / (increase) in other non-financial assets		(0.03)	70.04
Increase / (decrease) in Trade Payables		70.45	28.11
Increase / (decrease) in Other Payables		(3.43)	18.13
Increase / (decrease) in other financial liabilities		1,029.59	(27.93)
Increase / (decrease) in other non- financial liabilities		131.29	(1.77)
Increase /(decrease) in Provisions		7.23	12.84
<b>Cash generated / (used in) from operations</b>		<b>(5,142.02)</b>	<b>(4,625.40)</b>
Income taxes paid (net of refunds)		(543.16)	(690.40)
Interest received on Bank deposits	23	166.13	18.00
Finance costs paid		(12,190.06)	(9,007.44)
<b>Net cash flows generated from / (used in) operating activities (A)</b>		<b>(2,798.75)</b>	<b>(162.87)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangible assets	11	(368.02)	(389.43)
Purchase of investments at measured amortised cost		(709.06)	-
Proceeds from sale of investments at measured amortised cost		702.00	1,185.67
Proceeds from sale of property, plant and equipment and intangible assets		0.53	4.11
Interest income received on investment measured at amortised cost	23	93.69	145.20
Increase in earmarked balances with banks		(2,479.11)	1,086.40
<b>Net cash flows generated from / (used in) investing activities (B)</b>		<b>(2,759.97)</b>	<b>2,031.95</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD...)**

Particulars	Note	For the year ended 31st March 2024	For the year ended 31st March 2023
(₹ Lakhs)			
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue Expense of Debt Securities		21.87	(9.09)
Proceeds from borrowings through debt securities		33,784.97	15,600.00
Repayment of borrowings through debt securities		(16,998.17)	(8,407.36)
Proceeds from borrowings through Deposits		8,225.59	-
Repayment of borrowings through Deposits		(2,402.63)	(6,114.07)
Proceeds from borrowings through other than debt securities		8,500.00	-
Repayment of borrowings through other than debt securities		(4,052.93)	(2,421.07)
Proceeds from borrowings through Subordinated liabilities		1,439.15	-
Repayment of borrowings through Subordinated liabilities		(11,204.70)	33.83
(Increase) / decrease in loan repayable on demand		(6,694.36)	1,443.79
Lease liability paid		(131.18)	(53.59)
Dividend paid	21	(452.94)	(388.24)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>(C)</b>	<b>10,034.67</b>	<b>(315.80)</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)		4,475.95	1,553.28
Cash and cash equivalents at the beginning of the year		3,002.79	1,449.51
<b>Cash and cash equivalents as at the end of the year</b>		<b>7,478.74</b>	<b>3,002.79</b>
<b>Net cash provided by / (used in) operating activities includes</b>			
Interest received		19,566.36	18,313.52
Interest paid		(12,190.06)	(9,007.44)
Net cash provided by / (used in) operating activities		7,376.30	9,306.08
<b>Cash and cash equivalents as at the end of the year</b>	<b>4</b>		
i) Cash on hand		384.83	189.80
ii) Cheques, drafts on hand		9.04	106.58
iii) Balances with banks in Current Accounts and Deposits (with original maturity upto three months or less) (in the nature of cash and cash equivalents)		7,084.87	2,706.41
<b>Total</b>		<b>7,478.74</b>	<b>3,002.79</b>

The above Statement of Cash Flows has been prepared under the indirect method as set-out in Ind As-7 "Statement of Cash Flows".

The accompanying Notes form an integral part of the financial statements

As per our report of even date

**For CSK Prabhu & Co.,**  
Chartered Accountants  
Firm Regn. No. : 0024855

**CSK PRABHU**  
Partner  
Membership No. 019811

Place : Coimbatore  
Date : 25th May 2024

For and on behalf of the Board

**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053

**M. MANICKAM**  
Chairman  
DIN : 00102233

**C. SUBRAMANIAM**  
Company Secretary  
Membership No. FCS 6971

**SRINIVASAN ANAND**  
Chief Financial Officer  
Membership No.020694

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### 1. Company Overview

Sakthi Finance Limited ("SFL" or "the Company") with Corporate Identification Number L65910TZ1955PLC000145 incorporated on 30th March 1955 under the Indian Companies Act 1913 and domiciled in Coimbatore India, is a Public Limited Company situated in Coimbatore. The Registered Office of the Company is situated at 62, Dr. Nanjappa Road, Coimbatore - 641018.

The Company is a Deposit-taking Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") under Sec 45-IA of the RBI Act 1934 with Certificate of Registration No. 07-00252 dated 8th May 1998. The Company has been classified as an NBFC- Investment and Credit Company ("NBFC-ICC"). Further in terms of Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023 ("RBI-SBR Directions"), the company has been categorised as Middle Layer ("ML") as specified therein. The Company is primarily engaged in the business of Hire Purchase Financing of Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have, at their meeting held on 25th May 2024, approved and authorized the issue of these Financial statements of the Company for the year ended 31st March 2024.

### 2. Basis of Preparation and Presentation

#### a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015, as amended and notified under Section 133 of the Companies Act 2013 ("the Act") and is in conformity with the accounting principles generally accepted in India and other relevant provisions of the Act as applicable. Further, the Company has complied with the RBI-SBR Directions and other circular(s), as applicable.

Any application / guidance / clarifications / directions issued by RBI or other regulators are implemented as and when they are issued / applicable.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The regulatory disclosures, as required under RBI-SBR Directions and other Master Directions/Circular(s), if any, are included in the Notes forming as an integral part of the financial statements.

#### 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 Division III of Schedule III to the Act applicable to NBFCs, as notified by the Ministry of Corporate Affairs ("MCA"). Financial assets and financial liabilities are generally reported gross in the balance sheet.

They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances :

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counter parties

#### c. Basis of Measurement

The financial statements have been prepared on a going concern basis and on historical cost convention, except for certain financial instruments that are measured at Fair Value Through Other Comprehensive Income ("FVTOCI") at the end of each reporting period. Accounting policies have been consistently applied to all periods presented, unless otherwise stated.

#### d. Functional and Presentation Currency

The Financial Statements are presented in Indian Rupees (₹) which is the Company's functional currency. All amounts are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

The aggregation and classification of amounts in the financial statements are based on materiality and similarity between the items. Items of dissimilar nature or function are separately presented unless they are immaterial except when required by law.

#### e. Key accounting judgments, estimates and assumptions

##### Use of Estimates, Judgments and Estimation uncertainty

The preparation of financial statements of the company involves use of estimates in computation of expected credit loss, making judgments in determination of fair value of financial assets and financial liabilities, assumptions for actuarial changes in defined benefit obligations. The Company based its assumptions and estimates on factors available when the financial statements were prepared.

The use of estimates and assumptions, 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 the preparation of financial statements are prudent and reasonable.



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

Estimates, judgments and underlying assumptions are reviewed on an on-going basis. Revision of estimates are recognized prospectively.

Existing circumstances and assumptions about future development, however, may change due to market changes or circumstances arising that are beyond the control of the company. In the process of applying the Company's material accounting policies, the management has made reasonable estimates and judgments in relation to the carrying amount of assets and liabilities at each balance sheet date.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

### (i) Business Model Assessment

Classification and measurement of financial assets depends on the results of the Business Model Assessment and Solely Payments of Principal and Interest ("SPPI"). The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in the business model and so a prospective change to the classification of those assets.

### (ii) Defined employee benefit obligations

The cost of the defined benefit relating to gratuity and leave encashment plans and the present value of the gratuity and leave encashment obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is

highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

### (iii) Fair value measurement

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using various valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

### (iv) Impairment of Financial assets

The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

### (v) Contingent liabilities and provisions other than impairment on loan portfolio

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can reliably be estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed at each Balance Sheet date and revised to take account of changing facts and circumstances.

### (vi) Effective Interest Rate ("EIR") method on Financial Assets

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgment regarding the expected

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

behaviour and life-cycle of the instruments as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

(vii) **Useful lives and residual values** of Property Plant and Equipment, Investment Property and Intangible Assets are reviewed by the Company at the end of each Financial year.

### 3. Material Accounting Policies

#### a. Financial Instruments

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### i. Initial recognition and Measurement

Financial assets and Financial liabilities are initially recognized on the date the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

Transaction costs directly attributable to the acquisition or issue of financial assets and financial liabilities that are measured at amortised cost are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Unlike the other financial assets, Trade receivables are measured at transaction price at which the transaction had taken place.

##### ii. Classification and subsequent Measurement

The financial assets are classified based on the Company's business model for managing the financial assets and their contractual cash flow characteristics as subsequently measured:

- a) At amortised cost
- b) At Fair Value Through Other Comprehensive Income ("FVTOCI")
- c) At Fair Value Through Profit or Loss ("FVTPL")

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss.

#### Financial Assets at Amortised Cost

The classification of financial assets such as Cash and Cash Equivalents, Loans, Trade Receivables and investments (other than those classified at 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.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

The contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

### Financial Assets at FVTOCI

#### Equity instruments

The Company has made an irrevocable election to classify and measure the equity instruments at FVTOCI to present the subsequent changes in Fair Value under Other Comprehensive Income ("OCI") and the classification is determined on an instrument by instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right to receive the payment has been established, except when the company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

#### Financial Liabilities at Amortised Cost

The company has classified the debt instruments, redeemable non-convertible preference shares and other borrowed funds at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue of funds and transaction costs that are an integral part of the Effective Interest Rate ("EIR").

Any fees, paid or received, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate are amortised over the expected life of the financial instrument.

### iii. Reclassification of Financial Instrument

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

The Company did not reclassify any of its financial assets or liabilities during the financial year.

Till 31st March 2020, the issue expenses relating to public issue of Non-Convertible Debentures was set off against securities premium. From 1st April 2020 onwards, the amortised issue expenses are written off in the statement of profit and loss.

#### Recognition of Financial Instrument

- Loans and Advances are initially recognised when the agreements are entered into with borrowers.

- Investments are initially recognised on the settlement / delivery date.
- Debt securities, deposits and borrowings are initially recognised when funds received or date of allotment whichever is appropriate,
- Other Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

### iv. Derecognition of Financial Instrument

#### Financial Assets

The Company derecognises the Financial Asset when and only when:

- The contractual rights to receive the cash flows from the financial asset have expired.
- The Company also derecognizes the Financial Asset if it has both transferred the Financial Asset and the transfer qualifies for derecognition. The Company has transferred the Financial Asset, if and only if, either:
  - The Company has transferred its right to receive cash flows from the Financial asset or
  - It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

A transfer qualifies for derecognition only if either :

- the Company has transferred substantially all the risks and rewards of the asset, or
- 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:

- the carrying amount (measured at the date of derecognition) and
  - the consideration received,
- is recognised in the statement of profit and loss.

#### Financial Liabilities

The Company derecognises the financial liability when and only when it is extinguished i.e. when the contractual obligation is discharged or cancelled or expired.

A financial liability is considered as extinguished when there is an exchange between the Company and the lender with substantially different terms of the original financial liability or when there is a substantial modification of the terms of existing financial liability or part thereof.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

On derecognition of a financial liability, the difference between:

- a. the carrying amount and
  - b. the consideration paid,
- is recognised in the statement of profit and loss.

### v. Impairment of Financial Assets

The Company records allowance for expected credit losses for all loans, other financial assets not held at fair value through profit or loss ("FVTPL"), referred to as 'financial instruments. Equity instruments are not subject to impairment under Ind AS 109.

The impairment loss allowance is provided based on the Expected Credit Loss ("ECL") model.

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

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

The Company has formulated a policy to perform an assessment, whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information.

The expected credit loss is a product of Exposure at Default ('EAD'), Probability of Default ('PD') and Loss Given Default ('LGD'). The Company has devised an internal model to evaluate the LGD and PD based on the parameters set out in Ind AS 109. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets are held by the Company. LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future.

The Company incorporates forward-looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a 'base case' view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents the most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material. Adjustments including reversal of ECL are recognised through the statement of profit and loss.

### Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month's ECL or lifetime ECL. The Company assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month's ECL to a lifetime ECL. The Company does the assessment of significant increase in credit risk at a borrower level.

Regardless of the above, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

The financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset as detailed below:

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### Stage 1

Financial assets, where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination, are classified under this Stage.

The Company classifies all standard loans and loans up to 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12 month's ECL for Stage 1 assets.

### Stage 2

Financial assets, where there has been a significant increase in credit risk since initial recognition but do not have a objective evidence of impairment are classified under this Stage. 30 Days Past Due is considered under Stage 2. The Company provides Lifetime ECL for Stage 2 assets.

### Stage 3

All exposures assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred are classified under this Stage. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired. For exposures that have become credit impaired, a life time ECL is recognized, a 100% PD is considered and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

### Definition of default

If the borrower is past due for more than 90 days on any material credit obligation to the Company or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

### Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

### ECL on Investment in Government securities

The Company has invested in Government Securities. No ECL has been applied on these investments as there is no history of delay in servicing of interest/ repayments. The Company does not expect any delay in interest/redemption servicing in future.

### Simplified approach for trade/other receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade/ other receivables that do not contain a significant financing component.

### vi. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right in the event of default to set off the amounts which must not be contingent.

### b. Collateral Valuation and repossession

To mitigate its credit risks on financial assets, the Company seeks to use collateral such as movable and immovable assets, guarantees, etc, wherever applicable. To the extent possible, the Company uses active market data and external valuers for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models or through external valuers.

The Company physically repossesses and takes into custody properties or other assets to settle outstanding debt. Any surplus funds are returned to the customers/ obligors. Assets held under legal repossession processes are not recorded in the balance sheet as it does not meet the recognition criteria in other standards and disclosed in the notes to Financial Statements.

### c. Write-offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof, as per write-off policy of the Company. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit and loss.

### d. Undrawn Loan Commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the borrower. They are not recognised in the Financial Statements. The Company did not have any undrawn loan commitments in the current financial year or the preceding year.

### e. 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:

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

1. in the principal market for the asset or liability; or
2. in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market is accessible by the company on the measurement date. The Company measures the fair value of an asset or liability using the assumption that market participants would use when pricing the asset or liability.

The price is either directly observable or estimated using another valuation technique. The Company had adopted valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value by maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The company applied the fair value hierarchy for the inputs to valuation techniques used to measure fair value. The three levels of hierarchy are given below:

Level 1	Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to, at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regard to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
Level 2	Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
Level 3	Those that include one or more unobservable input that is significant to the measurement as a whole

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.

### f. Property, Plant and Equipment ("PPE")

The Company has elected to use fair value for Land, Building and Plant & Machinery and carrying value for all other property, plant & equipment, Intangible assets as the deemed cost on the date of transition to Ind AS..

The Company recognises an item of Property, Plant and Equipment when:

- a. it is probable that future economic benefits associated with the item will flow to the Company; and
- b. the cost of the item can be measured reliably.

The cost of assets comprises its purchase price, freight, duties, taxes and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Subsequent expenditures related to an item of tangible asset are added to its gross value only if it increases the future benefits of the existing asset, beyond its previously assessed standards of performance if it is probable that future economic benefits will flow to the Company from that expenditure and cost can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

Property, Plant and Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress comprises the cost of PPE that are not ready for its intended use at the reporting date.

### Depreciation

Depreciation is calculated by using the straight-line Depreciation is calculated by using the straight-line method to write down the cost of Property, Plant and Equipment (other than freehold land) to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period is recognised in the statement of profit and loss for the period..

Particulars	Useful life as prescribed in Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year in which the asset is derecognized.

### g. Intangible Assets and Amortisation

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over its estimated useful life, under straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management's estimate. There are no items of intangible assets with "indefinite" lives.

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 as 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 / expense in the statement of profit and loss in the year in which the asset is derecognized.

### h. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in Note 10. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer.

### i. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine, if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment so as to determine the impairment loss if any, at the end of each reporting period.

### j. Employee Benefits

#### Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### Defined Contribution Plan

#### Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employees provident fund and employees state insurance comes under the defined contribution plan for which the Company

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as an expense when an employee renders related service.

### Defined Benefit Plans

#### Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an Independent Actuary using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields as 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 or loss.

### k. Revenue Recognition

#### i. Recognition of Interest Income on loans

The Company recognises interest income using Effective Interest rate Method "EIR" on all financial assets (loans) measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the gross carrying amount of a financial asset. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ('Stage 3'), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments/ non-payment of contractual cash flows is recognised on realization, since the probability / certainty of collecting such monies is established when the customer pays.

Interest Income from Government securities is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

#### ii. Dividend Income

Dividend income on equity shares is recognized when the Company's right to receive the payment is established by the reporting date and no significant uncertainty as to its collectability exists.

#### iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial Instruments' is applicable) based on a comprehensive assessment model as set out in Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

satisfactory completion of performance obligations. The Company recognises income on recoveries of financial assets written off on realisation basis.

### iv. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset.

### v. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of performance obligation at a point in time. Cheque Bouncing charges levied on customers for non-payment of instalment on the contractual date is recognised on realization, since the probability/certainty of collecting such monies is established only when the customer pays. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on realization, since the probability / certainty of collecting such monies is established only when the customer pays.

### vi. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements entered into with State Electricity Board and on supply of power to the grid on satisfaction of performance obligation.

### vii. Net gain/loss on fair value changes

The Company designates certain financial assets for subsequent measurement at FVTOCI. The Company recognises gains/loss on fair value change of financial assets measured at FVTOCI.

## L. Foreign Currency Transaction

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company have been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are translated at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any, that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

### m. Borrowing Costs

Borrowing costs include interest expense calculated using the "EIR" as per Ind AS 109 on 'Financial instruments' and interest in respect of lease liability is recognised in accordance with Ind AS 116.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

### n. Finance costs

Finance costs include Interest Expenses computed by applying the "EIR" on the respective financial instruments measured at amortised cost. Financial Instruments include outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

### 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.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax relating to items recognized outside profit or loss is recognised either in other comprehensive income or in other equity.

### 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 it. 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's asset class taken under lease consists of lease for Office Premises.

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value on modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. On subsequent period, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental borrowing rate. The lease liability is measured in subsequent periods using the effective interest rate method. Right of Use asset is depreciated in accordance with the requirements of Ind AS 16 Property, Plant and Equipment, using straight line method from the commencement date to the end of the lease term. The lease term over which the company has contracted operating lease agreements range from up to 11 months and to many years.

The Company's class of underlying asset comprises only leases taken for office premises. The company has elected not to apply the requirements of Ind AS 116 "Leases" to short-term leases of all such class of assets that have a lease term of 12 months or less. The Company has elected not to apply the requirements of Ind AS 116 "Leases" to leases for which the underlying asset is of low value on a lease by lease basis. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

#### As a Lessor

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

### r. Provisions Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

### 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

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

deposits with an original maturity upto three months, which are subject to an insignificant risk of change in value.

### t. **Statement of Cash Flow**

Statement of Cash flow are reported using the indirect method as set out in Ind-AS 7 "Statement of Cash Flows", 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 and presented.

### 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.

### **3A. Recent Accounting Pronouncements**

Ministry of Corporate Affairs ("MCA") notifies New Standards or amendments to the existing Standards under Companies (Indian Accounting Standards) Amendment Rules, as issued from time to time. During the year ended 31st March 2024, MCA has not notified any new Standards or amendments to the existing Standards applicable to the Company.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
<b>4. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	384.83	189.80
Balance with Banks in Current Accounts	5,484.87	2,706.41
Cheques, drafts on hand	9.04	106.58
<b>Term Deposits with Banks :</b>		
- Free (With original maturity of upto 3 months)	1,600.00	-
<b>Total</b>	<b>7,478.74</b>	<b>3,002.79</b>
Amounts of Cash and Cash Equivalents that are not available for use	-	-
<b>4A. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts*	102.02	42.91
<b>Term Deposits with Banks (with maturity less than 12 months) :</b>		
- Free	-	-
- Under Lien #		
- With maturity of more than 3 months but upto 1 year	580.00	-
- Other deposits	1,840.00	-
<b>Total</b>	<b>2,522.02</b>	<b>42.91</b>

**# Details of Term Deposits under lien**

Particulars	As at 31st March 2024			As at 31st March 2023		
	Bank Balances other than Cash and Cash equivalents (Note 4A)	Other Financial assets (Note 8)	Total	Bank Balances other than Cash and Cash equivalents (Note 4A)	Other Financial assets (Note 8)	Total
For Statutory Liquid Assets**	2,420.00	14.43	2,434.43	-	-	-
<b>Total</b>	<b>2,420.00</b>	<b>14.43</b>	<b>2,434.43</b>	-	-	-

\*\* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the Company.

\* Includes minimum bank balance

**5. RECEIVABLES**
**(i) Trade Receivables**
**Unsecured - Considered good**

- Unsecured - Considered good	56.91	101.83
- Unsecured - Credit Impaired	161.89	175.53
Less: Impairment Loss Allowance	(32.69)	(51.15)
<b>Total</b>	<b>186.11</b>	<b>226.21</b>

**(ii) Other Receivables**
**Unsecured - Considered good**

Rent Receivables	12.22	18.39
<b>Total</b>	<b>12.22</b>	<b>18.39</b>

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.

The Company's impairment assessment and measurement approach for Trade Receivables is mentioned Note 3a(v) of material accounting policies. (under the Heading "Simplified approach for Trade/Other receivables")

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**Trade Receivables Ageing Schedule as at 31st March 2024**

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	17.27	39.64	-	-	-	56.91
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	35.01	91.47	35.41	161.89
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(3.30)	(10.51)	(6.50)	(8.93)	(3.45)	(32.69)

**Trade Receivables Ageing Schedule as at 31st March 2023**

(₹ Lakhs)

Particulars	Unbilled Revenue	Outstanding for following periods from due date of payment					
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	Total
Undisputed Trade receivables – considered good	-	25.24	76.59	-	-	-	101.83
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	91.47	83.57	0.49	175.53
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(5.67)	(20.30)	(16.98)	(8.15)	(0.05)	(51.15)

**Trade Receivables - Impairment Movement**

(₹ Lakhs)

Particulars	31st March 2024	31st March 2023
Impairment Loss Allowance - Opening	51.15	44.47
Add: Additions during the year	-	25.98
(Less): Reductions during the year	(18.46)	(19.30)
Impairment Loss Allowance - Closing	32.69	51.15

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
<b>6. LOANS</b>		
<b>(A) Loans (at amortised cost) *</b>		
Hire Purchase Loans#	1,24,285.34	1,18,495.88
Loans Repayable on Demand	1,121.69	897.82
Other Loans ##	312.90	298.54
<b>Total (Gross)</b>	<b>1,25,719.93</b>	<b>1,19,692.24</b>
Less: Impairment Loss Allowance (Refer Note 45)	<b>(5,547.54)</b>	<b>(5,192.14)</b>
<b>Total (Net)</b>	<b>1,20,172.39</b>	<b>1,14,500.10</b>
(B) (i) Secured by Tangible Assets Financed	1,24,285.34	1,18,495.88
(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Securities	-	-
(iv) Unsecured	1,434.59	1,196.36
<b>Total (Gross)</b>	<b>1,25,719.93</b>	<b>1,19,692.24</b>
Less: Impairment Loss Allowance (Refer Note 45)	<b>(5,547.54)</b>	<b>(5,192.14)</b>
<b>Total (Net)</b>	<b>1,20,172.39</b>	<b>1,14,500.10</b>
(C) (i) Loans in India		
(a) Public Sector		
(b) Others	1,25,719.93	1,19,692.24
<b>Total (Gross)</b>	<b>1,25,719.93</b>	<b>1,19,692.24</b>
Less: Impairment Loss Allowance (Refer Note 45)	<b>(5,547.54)</b>	<b>(5,192.14)</b>
<b>Total (Net) - C (i)</b>	<b>1,20,172.39</b>	<b>1,14,500.10</b>
(ii) Loans Outside in India	-	-
Less: Impairment Loss Allowance	-	-
<b>Total (Net) - C (ii)</b>	<b>-</b>	<b>-</b>
<b>Total (Net) - C (i+ ii)</b>	<b>1,20,172.39</b>	<b>1,14,500.10</b>
(D) (i) Loans - where there has not been significant increase in credit risk - Secured	1,04,132.22	97,578.13
(ii) Loans - where there has not been significant increase in credit risk - Unsecured	-	-
(iii) Loans - which have Significant Increase in Credit Risk - Secured	13,557.08	13,919.86
(iv) Loans - which have Significant Increase in Credit Risk - Unsecured	1,434.59	1,196.36
(v) Loans - Credit Impaired - Secured	6,596.04	6,997.89
(vi) Loans - Credit Impaired - Unsecured	-	-
<b>Total (Gross)</b>	<b>1,25,719.93</b>	<b>1,19,692.24</b>
Less : Impairment Loss Allowance (Refer Note 45)	<b>(5,547.54)</b>	<b>(5,192.14)</b>
<b>Total (Net)</b>	<b>1,20,172.39</b>	<b>1,14,500.10</b>

\* There are no loan assets measured or designated at FVTOCI or FVTPL

# Includes Repossessed Assets (Refer Note 3(b)) and Related Party Transactions (Refer Note 43)

## Represents Staff Loans

Refer Note 45 on Financial Risk Management Framework for an overview of Stagewise Classification of Gross Carrying Amount and Expected Credit Loss of Loan Assets.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars			As at 31st March 2024	As at 31st March 2023
<b>7. INVESTMENTS</b>				
<b>At Amortised Cost</b>				
<b>Investments in Government Securities</b>				
	Number	Face Value per unit (₹)		
<b>Quoted</b>				
Bonds of Central and State Governments #	11,96,300	100	<b>1,200.34</b>	1,194.69
<b>Total (A)</b>			<b>1,200.34</b>	1,194.69
<b>At Fair value through Other Comprehensive Income</b>				
<b>Quoted</b>				
<b>Investments in Equity Instruments (Refer Note 3(a)(ii))</b>				
Sakthi Sugars Limited	5,52,833	10	<b>163.86</b>	111.45
Chokhani International Limited	100	10	<b>0.02</b>	0.02
<b>Total (B)</b>			<b>163.88</b>	111.47
<b>Unquoted</b>				
<b>Investments in Equity Instruments</b>				
ABT Industries Limited	1,50,000	10	<b>15.00</b>	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	<b>12.50</b>	12.50
Sri Bhagavathi Textiles Limited	5	100	<b>0.04</b>	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	<b>7.82</b>	7.82
ABT Co-operative Stores Limited	500	10	<b>0.05</b>	0.05
Stiles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	<b>3.00</b>	3.00
<b>Total (C)</b>			<b>38.41</b>	38.41
<b>Total (Gross) - (A+B+C)</b>			<b>1,402.63</b>	1,344.57
(i) Investments Outside India			-	-
(ii) Investments In India			<b>1,402.63</b>	1,344.57
<b>Total</b>			<b>1,402.63</b>	1,344.57
Less: Impairment Loss Allowance			<b>12.56</b>	0.06
<b>Total (Net)</b>			<b>1,390.07</b>	1,344.51
# In accordance with Master Direction - Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions 2016 dated 25th August 2016 (as amended), the Company has created a floating charge on the statutory liquid assets comprising investment in Government securities on the above investments in favour of IDBI Trusteeship Services Ltd, trustees representing the Public Deposit holders of the company.				
<b>8. OTHER FINANCIAL ASSETS</b>				
- Interest accrued on Government Securities			<b>22.64</b>	22.82
- Interest accrued on Term Deposits				
- Free			<b>2.25</b>	-
- Under Lien (Refer Note 4A)			<b>14.43</b>	-
- Security Deposits			<b>213.44</b>	235.10
- Other Loans and Advances			<b>1,124.94</b>	1,022.85
- Advance to Employees			<b>5.24</b>	7.78
<b>Total</b>			<b>1,382.94</b>	1,288.55

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
<b>9. DEFERRED TAX ASSETS (net)*</b>		
a. Application of Expected Credit Loss on Financial Assets	1,174.62	1,109.27
b. Employee benefit expenses	35.92	34.10
c. Right of Use Assets and Lease Liabilities	2.70	5.73
d. Application of EIR on Financial Liabilities	(160.70)	(50.03)
e. Differences in carrying amount of Property, Plant and Equipment	(665.51)	(703.77)
<b>Total</b>	<b>387.03</b>	<b>395.30</b>

\* Refer Note 41

**10. a) INVESTMENT PROPERTY\***

Particulars	Land	Building	Total
<b>Carrying amount as at 1st April 2022</b>	<b>66.87</b>	<b>226.74</b>	<b>293.61</b>
Additions	-	-	-
Disposals	-	-	-
<b>Carrying amount as at 31st March 2023</b>	<b>66.87</b>	<b>226.74</b>	<b>293.61</b>
Additions	-	-	-
Disposals	-	-	-
<b>Carrying amount as at 31st March 2024</b>	<b>66.87</b>	<b>226.74</b>	<b>293.61</b>
<b>Accumulated depreciation and impairment</b>			
<b>Balance as at 1st April 2022</b>	-	18.40	18.40
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
<b>Balance as at 31st March 2023</b>	-	<b>23.00</b>	<b>23.00</b>
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
<b>Balance as at 31st March 2024</b>	-	<b>27.59</b>	<b>27.59</b>
<b>Net Carrying amount</b>			
<b>As at 31st March 2023</b>	<b>66.87</b>	<b>203.74</b>	<b>270.61</b>
<b>As at 31st March 2024</b>	<b>66.87</b>	<b>199.15</b>	<b>266.02</b>
<b>Useful Life of the Asset (In Years)</b>	-	<b>60</b>	-

\*Refer Note 3(h)

**10. b) Rental Income with respective expenses**

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Rental Income - (Building) from Investment Property (IP)	1.48	-
Less : Direct operating expenses arising from IP that generated rental income during the year	-	-
Direct operating expenses arising from IP that did not generate rental income during the year	3.05	1.35
Profit/(Loss) from Investment property before depreciation	(1.57)	(1.35)
Less : Depreciation charge for the year	4.60	4.60
Profit/(Loss) from Investment property after depreciation	(6.17)	(5.95)



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

**10.c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property**

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
<b>Sensitivity analysis</b>						
Investment Property As at 31st March 2024	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2023	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

- 10.d)** Carrying value of Investment Property pledged as collateral for liabilities as at 31st March 2024 is ₹ Nil (31st March 2023 is ₹ Nil)
- 10.e)** Some of Investment Properties are leased out to tenants. Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. The agreements are cancellable with mutual consent.
- 10.f)** The Company has no contractual obligations to purchase, construct or develop investment property as at 31st March 2024 and 31st March 2023.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### 11 (a) Property, Plant and Equipment - Tangible Assets\*

Particulars	(₹ Lakhs)							Total Tangible Assets
	Freehold Land	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	
<b>Carrying Amount as at 1st April 2022</b>	<b>2,766.47</b>	<b>1,712.89</b>	<b>98.18</b>	<b>1,615.39</b>	<b>359.99</b>	<b>97.16</b>	<b>248.96</b>	<b>6,899.04</b>
Additions	-	17.28	27.54	-	22.31	-	86.53	153.66
Disposals	-	1.29	6.88	-	3.39	0.47	3.28	15.31
<b>Carrying Amount as at 31st March 2023</b>	<b>2,766.47</b>	<b>1,728.88</b>	<b>118.84</b>	<b>1,615.39</b>	<b>378.91</b>	<b>96.69</b>	<b>332.21</b>	<b>7,037.39</b>
Additions	-	9.28	11.69	-	24.63	-	36.51	82.11
Disposals	-	-	-	-	-	0.65	4.49	5.14
<b>Carrying Amount as at 31st March 2024</b>	<b>2,766.47</b>	<b>1,738.16</b>	<b>130.53</b>	<b>1,615.39</b>	<b>403.54</b>	<b>96.04</b>	<b>364.23</b>	<b>7,114.36</b>
<b>Accumulated depreciation and impairment</b>								
<b>Balance as at 1st April 2022</b>	-	<b>211.32</b>	<b>30.38</b>	<b>418.28</b>	<b>136.40</b>	<b>52.27</b>	<b>103.76</b>	<b>952.41</b>
Depreciation for the year	-	47.99	8.39	104.57	37.87	11.36	39.02	249.20
Depreciation on disposals	-	0.09	4.18	-	1.97	0.17	2.39	8.80
<b>Balance as at 31st March 2023</b>	-	<b>259.22</b>	<b>34.59</b>	<b>522.85</b>	<b>172.30</b>	<b>63.46</b>	<b>140.39</b>	<b>1,192.81</b>
Depreciation for the year	-	50.10	9.60	104.57	40.11	10.88	44.76	260.02
Depreciation on disposals	-	-	-	-	-	0.43	3.95	4.38
<b>Balance as at 31st March 2024</b>	-	<b>309.32</b>	<b>44.19</b>	<b>627.42</b>	<b>212.41</b>	<b>73.91</b>	<b>181.20</b>	<b>1,448.45</b>
<b>Net Carrying amount</b>								
<b>As at 31st March 2023</b>	<b>2,766.47</b>	<b>1,469.66</b>	<b>84.25</b>	<b>1,092.54</b>	<b>206.61</b>	<b>33.23</b>	<b>191.82</b>	<b>5,844.58</b>
<b>As at 31st March 2024</b>	<b>2,766.47</b>	<b>1,428.84</b>	<b>86.34</b>	<b>987.97</b>	<b>191.13</b>	<b>22.13</b>	<b>183.03</b>	<b>5,665.91</b>
<b>Useful Life of the Asset (In Years)</b>	-	<b>60</b>	<b>15</b>	<b>22</b>	<b>10</b>	<b>8</b>	<b>10</b>	

\*Refer Note 3(f) & 36(a)

The Company has not revalued any of its Property, Plant and Equipment during the year ended March 31, 2024 and year ended March 31, 2023. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

Freehold land is not depreciated

As at 31st March 2024 and 31st March 2023, there are no Immovable Properties (including Investment Properties) whose title deeds are not held in the name of the Company. Hence disclosures contemplated in Division III of Schedule III of the Companies Act, 2013 is not applicable and hence not reported.

### Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2024 (Refer Note 14 & 15)

Particulars	(₹ Lakhs)							Total Tangible Assets
	Freehold Land	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	
<b>As at 31st March 2024</b>	<b>173.80</b>	<b>1281.47</b>	-	-	-	-	-	<b>1455.27</b>
As at 31st March 2023	173.80	1317.74	-	-	-	-	-	1491.54

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**Capital Work in Progress (CWIP) ageing schedule  
 As at 31st March 2024**

(₹ Lakhs)

Intangible Assets under Development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan  
 As at 31st March 2023

Intangible Assets under Development	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

**11 (b) Right of use Assets\***

(₹ Lakhs)

Particulars	Amount
<b>Carrying amount as at 1st April 2022</b>	<b>1,725.38</b>
Additions	220.17
Disposals	-
<b>Carrying amount as at 31st March 2023</b>	<b>1,945.55</b>
Additions	162.91
Disposals	-
<b>Carrying amount as at 31st March 2024</b>	<b>2,108.46</b>
<b>Accumulated depreciation and impairment</b>	
<b>Balance as at 1st April 2022</b>	<b>631.78</b>
Depreciation for the year	254.65
Depreciation on Deductions	-
<b>Balance as at 31st March 2023</b>	<b>886.43</b>
Depreciation for the year	276.33
Depreciation on Deductions	-
<b>Balance as at 31st March 2024</b>	<b>1,162.76</b>
<b>Net Carrying amount</b>	
<b>As at 31st March 2023</b>	<b>1,059.12</b>
<b>As at 31st March 2024</b>	<b>945.70</b>
<b>Useful Life of the Asset (In Years)</b>	<b>3</b>

\*Refer Note 3(q) & Refer Note 48

The above note provides information for leases where the Company is a lessee.

The Company has not revalued any of its Right of Use Assets during the year ended March 31, 2024 and year ended March 31, 2023. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

**11 (c) Intangible Assets under development\***

(₹ Lakhs)

Particulars	Amount
<b>Carrying amount as at 31st March 2022</b>	-
Additions	-
Disposals	-
<b>Carrying amount as at 31st March 2023</b>	-
Additions	<b>67.79</b>
Disposals	-
<b>Carrying amount as at 31st March 2024</b>	<b>67.79</b>
<b>As at 31st March 2023</b>	-
<b>As at 31st March 2024</b>	<b>67.79</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### Intangible Assets under Development ageing schedule As at 31st March 2024

(₹ Lakhs)

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	67.79	-	-	-	67.79
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan As at 31st March 2023

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

\*Refer Note 3(g)

### 11 (d) Other Intangible Assets - Computer Software\*

(₹ Lakhs)

Particulars	Amount
<b>Carrying amount as at 1st April 2022</b>	<b>382.42</b>
Additions	15.60
Disposals	-
<b>Carrying amount as at 31st March 2023</b>	<b>398.02</b>
Additions	55.22
Disposals	-
<b>Carrying amount as at 31st March 2024</b>	<b>453.24</b>
<b>Accumulated amortization and impairment</b>	
<b>Balance as at 1st April 2022</b>	<b>202.96</b>
Amortization for the year	38.48
Amortization on disposals	-
<b>Balance as at 31st March 2023</b>	<b>241.44</b>
Amortization for the year	46.49
Amortization on disposals	-
<b>Balance as at 31st March 2024</b>	<b>287.93</b>
<b>Net Carrying amount</b>	
<b>As at 31st March 2023</b>	<b>156.58</b>
<b>As at 31st March 2024</b>	<b>165.31</b>
<b>Useful Life of the Asset (In Years)</b>	<b>6</b>

\*Refer Note 3(g)

The Company has not revalued any of its Other Intangible Assets during the year ended March 31, 2024 and year ended March 31, 2023. The amount of change in gross and net carrying amount due to impairment losses/reversals is nil.

There are no items of Intangible assets with "indefinite" lives.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
<b>12. OTHER NON-FINANCIAL ASSETS</b>		
<b>Considered good-Unsecured</b>		
- Advance for Property, Plant and Equipment	1500.00	1,500.00
- Prepaid Expenses	74.72	62.65
- GST Input Tax Credit	276.57	289.33
- NCD Public Issue Expenses	-	21.87
- Others - Stock of Stationery Items	2.06	1.34
<b>Total</b>	<b>1,853.35</b>	<b>1,875.19</b>

Refer Note 43 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

**LIABILITIES AND EQUITY**
**13. PAYABLES**
**(I) Trade Payables**

(i) Total outstanding dues of micro enterprises and small enterprises	0.59	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	226.01	156.15

**(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	189.83	193.26

<b>Total</b>	<b>416.43</b>	<b>349.41</b>
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**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

(₹ Lakhs)

a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.59	-
- 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	-	-
<b>Total</b>	<b>0.59</b>	<b>-</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**Trade Payables Ageing Schedule as at 31st March 2024**

(₹ Lakhs)

Particulars	Outstanding for following periods from the due date of payment					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME		0.59	-	-	-	0.59
Others		415.84	-	-	-	415.84
Disputed Dues - MSME		-	-	-	-	-
Disputed Dues - Others		-	-	-	-	-

**Trade Payables Ageing Schedule as at 31st March 2023**

Particulars	Outstanding for following periods from the due date of payment					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	-	-	-	-	-
Others	-	349.41	-	-	-	349.41
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Particulars	As at 31st March 2024	As at 31st March 2023
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**14. DEBT SECURITIES**
**At Amortised Cost**

Redeemable, Non-Convertible Debentures - Secured	65,619.57	48,792.43
<b>Total</b>	<b>65,619.57</b>	<b>48,792.43</b>
Debt Securities in India	65,619.57	48,792.43
Debt Securities outside India	-	-
<b>Total</b>	<b>65,619.57</b>	<b>48,792.43</b>

**Note:**

- There are no debt securities measured at FVTOCI or designated at FVTPL.
- The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of ₹ **73,762.84** lakhs (31st March 2023: ₹ 53,357.41 Lakhs).
- For Debt securities subscribed and held by the related parties refer Note 43

**Details of Redeemable, Non-Convertible Debentures - Secured:**

Particulars	As at 31st March, 2024	As at 31st March, 2023
<b>A. Issued on private placement basis - Face Value of ₹ 1,000</b>		
- Repayable on maturity:		
<b>Interest Range 8.00% to 10.25%</b>		
Maturing within 1 year	4,255.50	4,935.30
Maturing between 1 to 2 years	2,587.00	3,426.50
Maturing between 2 to 3 years	2,090.00	2,147.00
Maturing between 3 to 4 years	2,414.29	175.00
Maturing between 4 to 5 years	-	1,309.00
<b>Sub-Total (A)</b>	<b>11,346.79</b>	<b>11,992.80</b>
<b>Add : Interest accrued but not due</b>	<b>409.34</b>	<b>472.26</b>
<b>Less: unamortized charges</b>	<b>61.52</b>	<b>60.71</b>
<b>(A) Total Amortized Cost</b>	<b>11,694.61</b>	<b>12,404.35</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Particulars	As at 31st March,2024	As at 31st March,2023
<b>B) Public Issue - Face value of ₹ 1,000</b>		
- Repayable on maturity:		
<b>Interest Range 9% to 10%</b>		
Maturing within 1 year	8,591.88	11,652.10
Maturing between 1 years to 2 years	12,583.04	8,591.88
Maturing between 2 years to 3 years	5,045.10	6,766.39
Maturing between 3 years to 4 years	6,952.51	353.94
Maturing between 4 years to 5 years	14,950.83	6,491.31
Maturing between 5 years to 6 years	2,035.70	-
Maturing between 6 years to 7 years	1,540.14	-
<b>Sub-Total (B)</b>	<b>51,699.20</b>	<b>33,855.62</b>
<b>Add : Interest accrued but not due</b>	<b>3,091.75</b>	<b>2,923.43</b>
<b>Less: unamortized charges</b>	<b>865.99</b>	<b>390.97</b>
<b>(B)Total Amortized Cost</b>	<b>53,924.96</b>	<b>36,388.08</b>
<b>TOTAL (A)+(B)</b>	<b>65,619.57</b>	<b>48,792.43</b>
<b>Total Amortized Cost (A + B )</b>	<b>65,619.57</b>	<b>48,792.43</b>

**15. BORROWINGS (OTHER THAN DEBT SECURITIES )\***
**At amortized cost**
**Term Loans -Secured**

- From Banks	4,884.67	2,408.38
- From Other Lenders	2,332.05	287.79

**Loan Repayable on Demand**

- Cash Credit Facilities and Working Capital Demand Loan from Banks (Secured)	5,263.55	11,957.91
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<b>Total</b>	<b>12,480.27</b>	<b>14,654.08</b>
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Borrowings in India	12,480.27	14,654.08
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Borrowings outside India	-	-
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<b>Total</b>	<b>12,480.27</b>	<b>14,654.08</b>
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There are no borrowings measured at FVTOCI or designated at FVTPL.

\*Refer Note 36 (e) &amp; 36 (f). For additional disclosures

**a) Term loans from Banks are secured as under :**
**i) State Bank of India**

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2024	Amount outstanding as on 31 March 2023
			Commence-ment date	End date				
1	5,000.00	13.30%	30.09.2020	30.06.2025		Hypothecation of specified Hire Purchase receivables	1,301.60	2,333.95
2	4,500.00	13.30%	31.10.2023	30.09.2028	-	and personal guarantee by a director	3,599.70	-
Add : Interest accrued but not due							-	-
Less: unamortized charges							16.63	29.92
<b>Total Amortized Cost</b>							<b>4,884.67</b>	<b>2,304.03</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)**
**ii) IndusInd Bank Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2024	Amount outstanding as on 31 March 2023
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3	Hypothecation of specified Hire Purchase receivables	-	68.62
2	350.00	12.00%	04.03.2020	04.06.2023	3		-	34.81
Add : Interest accrued but not due							-	0.92
Less: unamortized charges							-	-
<b>Total Amortized Cost</b>							-	104.35

**b) Term loans from other Lenders are secured as under:**
**i) Shriram Finance Ltd**

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period in months	Security details	Amount outstanding as on 31st March 2024	Amount outstanding as on 31 March 2023
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables and a personal guarantee by a director	-	252.42
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		-	33.46
3	1,000.00	13.25%	05.11.2023	05.10.2026	-		886.76	-
4	1,500.00	13.25%	05.02.2024	05.01.2027	-		1,433.98	-
Add : Interest accrued but not due							22.23	2.74
Less: unamortized charges							10.92	0.83
<b>Total Amortized Cost</b>							2,332.05	287.79

**c) Loans repayable on demand - Cash credit facilities with banks (secured)**

(₹ Lakhs)

Particulars	As at 31st March 2024		As at 31st March 2023	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.00 % to 12.85%	5,256.16	9.65 % to 12.85%	11,965.61
Add : Interest accrued but not due		32.93		34.69
Less: unamortized charges		25.54		42.39
<b>Total Amortized Cost</b>		5,263.55		11,957.91

The cash credit facilities and Working Capital Demand Loan from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The company has also extended collateral security of Company's Building and land belonging to a Director.

d) There is no default in repayment of loans and interest on any of the borrowings.



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

Particulars	(₹ Lakhs)	
	As at 31st March 2024	As at 31st March 2023
<b>16. DEPOSITS (UNSECURED)</b>		
<b>At amortized cost</b>		
Public Deposits	8,281.47	2,444.17
<b>Total</b>	<b>8,281.47</b>	<b>2,444.17</b>

There are no Deposits measured at FVTOCI or designated at FVTPL

**Details of Deposits - Unsecured :**

Particulars	As at 31st March 2024	As at 31st March 2023
- Repayable on maturity:		
<b>Interest Range 8.25% to 9%</b>		
Maturing within 1 year	873.64	2,168.62
Maturing between 1 to 2 years	1,677.90	-
Maturing between 2 to 3 years	2,663.20	-
Maturing between 3 to 4 years	1,484.09	
Maturing between 4 to 5 years	1,526.76	
<b>Subtotal</b>	<b>8,225.59</b>	2,168.62
<b>Add : Interest accrued but not due</b>	<b>126.38</b>	279.18
<b>Less: unamortized charges</b>	<b>70.50</b>	3.63
<b>Total Amortized Cost</b>	<b>8,281.47</b>	<b>2,444.17</b>

For Deposits repaid to related parties, Refer Note 43

**17. SUB-ORDINATED LIABILITIES (UNSECURED)**

<b>At amortized cost</b>		
Redeemable, Non-Convertible Debentures - Unsecured	12,962.06	12,281.44
Redeemable Cumulative Preference Shares ("RCPS")	1,752.52	1,495.30
Sub-Ordinated Liabilities	16,452.40	27,735.66
<b>Total</b>	<b>31,166.98</b>	<b>41,512.40</b>
Sub-Ordinated Liabilities in India	31,166.98	41,512.40
Sub-Ordinated Liabilities outside India	-	-
<b>Total</b>	<b>31,166.98</b>	<b>41,512.40</b>

There are no Sub-ordinated liabilities measured at FVTOCI or designated at FVTPL

**Terms/rights attached to RCPS**

The RCPS do not have voting rights other than matters which directly affect them. In the event of 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 paid-up capital and shall include any unpaid dividends.

For the year ended 31st March 2024, the Company declared and paid an interim dividend of ₹ 135.12 lakhs after deduction of tax deducted at source of ₹ 5.89 lakhs on RCPS of ₹ 100 each fully paid (31st March 2023 : ₹ 123.75 lakhs)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**Details of Sub-Ordinated Liabilities - Unsecured :**

(₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
<b>A) Redeemable Non-Convertible Debentures - Unsecured :</b>		
<b>Issued on Public Issue</b>		
<b>Repayable on maturity:</b>		
Interest Range 10% to 11%		
Maturing within 1 year	4,374.80	-
Maturing between 1 years to 2 years	1,603.70	4,374.80
Maturing between 2 years to 3 years	4,759.47	1,603.70
Maturing between 3 years to 4 years	-	4,759.47
Maturing between 4 years to 5 years	-	-
<b>Sub-Total (A)</b>	<b>10,737.97</b>	<b>10,737.97</b>
<b>B) Preference Shares</b>		
Repayable on maturity:		
<b>8.25% and 9% Redeemable Preference Shares</b>		
Maturing within 1 year	331.00	1,169.00
Maturing between 2 years to 3 years	1,439.15	331.00
<b>Sub-Total (B)</b>	<b>1,770.15</b>	<b>1,500.00</b>
<b>C) Sub-Ordinated Debts</b>		
- Repayable on maturity:		
<b>Interest Range 10% to 11%</b>		
Maturing within 1 year	12,221.80	9,914.40
Maturing between 1 to 2 years	1,244.40	12,221.80
Maturing between 2 to 3 years	-	1,244.40
Maturing between 3 to 4 years	-	-
<b>Sub-Total (C)</b>	<b>13,466.20</b>	<b>23,380.60</b>
<b>Sub-Total (A+B+C)</b>	<b>25,974.32</b>	<b>35,618.57</b>
<b>Add : Interest accrued but not due</b>		
A) Redeemable Non-Convertible Debentures - Unsecured	2,286.39	1,637.06
B) Preference Shares	-	-
C) Sub-Ordinated Debts	3,000.16	4,411.64
<b>Less: Unamortized charges</b>		
A) Redeemable Non-Convertible Debentures - Unsecured	62.30	93.59
b) Preference Shares	17.63	4.70
c) Sub-Ordinated Debts	13.96	56.58
<b>Total amortized cost</b>	<b>31,166.98</b>	<b>41,512.40</b>

In respect of Sub-Ordinated Liabilities held by related parties, Refer Note 43

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
<b>18. OTHER FINANCIAL LIABILITIES</b>		
<b>Investor Education and Protection Fund shall be credited by the following amounts (as and when due)</b>		
- Unpaid dividends	101.91	42.80
- Unpaid matured deposits and Interest accrued thereon	202.27	258.78
- Unpaid matured Sub-Ordinated Debts and Interest accrued thereon	608.17	21.78
- Unpaid matured debentures and Interest accrued thereon	110.38	38.73
- Unpaid Redeemable Cumulative Preference Shares	306.50	13.00
Advances from Customers	524.91	487.73
Security Deposits	187.49	149.22
Lease Liabilities - (Refer Note 48)	277.03	372.92
<b>Total</b>	<b>2,318.66</b>	<b>1,384.96</b>

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

**19. PROVISIONS**
**Provision for Employee Benefits**

Provision for bonus	69.09	67.41
Provision for gratuity (net) (Refer Note 42a)	11.25	8.84
Provision for leave encashment (Refer Note 42b)	62.38	59.24
<b>Total</b>	<b>142.72</b>	<b>135.49</b>

Particulars	As at 31st March 2023	Additional Provision	Utilization / Reversal	As at 31st March 2024
Provision for Bonus	67.41	69.09	67.41	69.09
Provision for Gratuity	8.84	19.18	16.77	11.25
Provision for leave encashment	59.24	33.09	29.95	62.38
<b>Total</b>	<b>135.49</b>	<b>121.36</b>	<b>114.13</b>	<b>142.72</b>

Particulars	As at 31st March 2022	Additional Provision	Utilization / Reversal	As at 31st March 2023
Provision for Bonus	53.00	67.27	52.86	67.41
Provision for Gratuity	8.69	16.96	16.81	8.84
Provision for leave encashment	60.96	31.86	33.58	59.24
<b>Total</b>	<b>122.65</b>	<b>116.09</b>	<b>103.25</b>	<b>135.49</b>

**20. OTHER NON-FINANCIAL LIABILITIES**

Tax deducted at source	229.07	97.78
<b>Total</b>	<b>229.07</b>	<b>97.78</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

Particulars	As at 31st March 2024	As at 31st March 2023
<b>21. SHARE CAPITAL</b>		
<b>Authorised Share Capital</b>		
10,00,00,000 Equity shares of ₹ 10 each (31st March 2023 : 10,00,00,000 Equity Shares of ₹ 10 each)	10,000.00	10,000.00
30,00,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each (31st March 2023 : 30,00,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)	3,000.00	3,000.00
	<b>13,000.00</b>	<b>13,000.00</b>
<b>Issued, Subscribed and Paid up Share capital</b>		
6,47,05,882 Equity shares of ₹ 10 each fully paid up (31st March 2023 : 6,47,05,882 Equity Shares of ₹ 10 each)	6,470.59	6,470.59
	<b>6,470.59</b>	<b>6,470.59</b>

**Equity Shares held by promoters at 31st March 2024**

Promoter Name	No of Shares	% of Total Number of Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

**Equity Shares held by promoters at 31st March 2023**

Promoter Name	No of Shares	% of Total Number of Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	1,92,000	0.30%	-

**a) Reconciliation of shares outstanding at the beginning and end of the year**

Particulars	As at 31st March 2024		As at 31st March 2023	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares with Voting Rights</b>				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	64,705,882	6,470.59
Add: Allotment of Equity Share on preferential basis made during the year	-	-	-	-
Number of Shares at the end of the year	<b>6,47,05,882</b>	<b>6,470.59</b>	6,47,05,882	6,470.59

Aggregate number of equity shares issued for consideration other than cash / Bonus shares issued during the year : Nil

Aggregate number of equity shares bought back by the Company during the year : Nil

**b) Details of shareholders holding more than 5% shares in the share capital of the company**

(₹ Lakhs)

Particulars	As at 31st March 2024		As at 31st March 2023	
	% of Holding	No. of Shares	% of Holding	No. of Shares
<b>Equity Shares with Voting Rights</b>				
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
Sakthi Financial Services (Cochin) Private Limited	11.06	71,57,128	11.06	71,57,128
Avdhoot Finance and Investment Private Limited	8.69	56,24,208	8.69	56,24,208
Sakthi Management Services (Coimbatore) Limited	6.70	43,35,434	6.70	43,35,434
Bridgewater Investment Corporation Limited	6.88	44,50,000	6.88	44,50,000
The Gounder and Company Auto Limited	6.07	39,25,000	6.07	39,25,000
ABT Finance Limited	5.15	33,31,162	5.15	33,31,162

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### c) Rights, Preferences and Restrictions 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 Members at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 25th May 2024, recommended a dividend of **8 per cent, ₹ 0.80 per share** (31st March 2023 : ₹ 0.70 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 members.

The proposed dividend for the Financial Year 2023-24 adheres to the ceiling limits on dividend payout ratios for NBFCs, as prescribed by the Reserve Bank of India in Notification RBI/2021-22/59 DOR.ACC.REC.No.23/21.02.067/2021-22 dated 24th June 2021.

#### Details of Dividends proposed

(₹ Lakhs)

Particulars	31st March 2024	31st March 2023
Face Value per share (₹)	<b>10.00</b>	10.00
Dividend Percentage	<b>8%</b>	7%
Dividend per Share (₹)	<b>0.80</b>	0.70
Dividend on equity shares	<b>517.65</b>	452.94
Total Dividend	<b>517.65</b>	452.94

**Note :** The dividends proposed by the Board of Directors for the financial year 31st March 2024 shall be paid to share holders subject to the approval of the members of the company at the ensuing Annual General Meeting.

### d) For the years ended 31st March 2024 and 31st March 2023

- i) There are no equity shares of the Company held by a holding Company or ultimate holding Company or by subsidiaries or associates of the holding Company or the ultimate holding Company.
- ii) There are no shares reserved for issue under options and contracts / commitments for the sale of shares or divestment.
- iii) There are no securities issued convertible into equity shares.
- iv) There are no calls unpaid and further there are no forfeited shares to report.

### e) For the period of five years immediately preceeding 31st March 2024 and 31st March 2023.

- i) There are no equity shares allotted as fully paid up pursuant to contract without payment being received in cash.
- ii) There are no equity shares allotted as fully paid up by way of bonus shares.
- iii) There are no equity shares bought back.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

Particulars	As at 31st March 2024	As at 31st March 2023
(₹ Lakhs)		
<b>22. OTHER EQUITY</b>		
<b>Reserves and Surplus</b>		
<b>Capital Reserve</b>		
Balance as at the Opening and Closing of the year	52.61	52.61
<b>Securities Premium</b>		
Balance as at the Opening and Closing of the year	1,429.80	1,429.80
<b>General Reserve</b>		
Balance as at the Opening and Closing of the year	4,436.00	4,436.00
<b>Statutory Reserve as per Section 45-IC of the RBI Act 1934</b>		
Opening Balance	3,792.92	3,543.05
Add : Transfer from Retained Earnings	314.11	249.87
<b>Closing balance</b>	4,107.03	3,792.92
<b>Retained Earnings</b>		
Opening Balance	4,463.43	3,852.17
Add : Profit after tax for the year	1,570.54	1,249.37
	6,033.97	5,101.54
<b>Less: Appropriations</b>		
Equity Dividend (31st March 2023 : ₹ 0.70 per share)	452.94	388.24
Transfer to Statutory Reserve	314.11	249.87
<b>Closing Surplus</b>	5,266.92	4,463.43
<b>Item of Other Comprehensive Income ("OCI")</b>		
<b>(i) Fair value changes in Equity Instruments</b>		
Opening Balance	13.02	(14.20)
Add : Income/(Expenses) for the year	29.87	27.22
<b>Closing Balance</b>	42.89	13.02
<b>(ii) Actuarial changes in Defined benefit obligations</b>		
Opening Balance	28.90	24.37
Add : Income/(Expenses) for the year	2.23	4.53
<b>Closing Balance</b>	31.13	28.90
<b>Closing Balance (i) + (ii)</b>	74.02	41.92
<b>Total</b>	15,366.38	14,216.68

**Description of Nature and purpose of each reserves**

**Capital reserve:** Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

**Securities Premium :** The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

**General reserve :** Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act 2013 ("the Act") the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### Debenture redemption reserve:

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules 2014, as amended the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required to deposit or invest before 30th day of April of each year, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly, the Company before the year end / subsequent to the year end has invested a sum of ₹ 2,420 lakhs (Previous Year ₹ 1,748 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

**Statutory reserve:** Every year, the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of the Reserve Bank of India Act 1934.

### The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) of the Reserve Bank of India Act, 1934:

- (1) Every non-banking financial company ("NBFC") shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the statement of Profit and Loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twenty one days by such further period as it thinks fit or condone any delay in making such report.

- (3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of an NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC

**Retained earnings:** Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividends distributions paid to members and transfer from debenture redemption reserve.

**Other Comprehensive Income:** Other Comprehensive Income comprises items of income and expenses that are not recognised in statement of profit and loss as required or permitted by other Ind AS. They comprise the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive Income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

**Proposed dividend :** The Board of Directors of the Company have at their meeting held on 25th May 2024 recommended a dividend of 8% being ₹ 0.80 per share on the equity shares of the Company, for the year ended 31st March 2024 (₹ 0.70 per share - 31st March 2023) which is subject to the approval of members. Consequently, the proposed dividend amount has not been recognised as a liability in the books in accordance with Ind AS 10. (Also Refer Note 57)

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
<b>23. INTEREST INCOME</b>		
<b>(On Financial Instruments measured at amortised cost)</b>		
Income from Hire purchase operations	19,225.66	18,143.55
Interest from:		
- Loans	340.70	169.97
- Bank deposits	166.13	18.00
- Investments	93.69	145.20
<b>Total</b>	<b>19,826.18</b>	<b>18,476.72</b>
There are no income on Financial Instruments measured at FVTOCI		
<b>24. FEES AND COMMISSION (Service rendered at a point in time)</b>		
- Service Charges	428.64	379.02
- Stamp and documentation charges	82.58	80.45
<b>Total</b>	<b>511.22</b>	<b>459.47</b>
<b>25. SALE OF POWER FROM WIND MILLS</b>		
Income from Wind mill -Sale of Electricity	192.37	173.13
<b>Total</b>	<b>192.37</b>	<b>173.13</b>
<b>26. OTHER INCOME</b>		
- Profit on Sale of Investment	-	10.67
- Miscellaneous income	0.25	2.70
<b>Total</b>	<b>0.25</b>	<b>13.37</b>
<b>27. FINANCE COSTS</b>		
<b>(On Financial Liabilities measured at amortised cost)</b>		
- Deposits	369.65	422.82
- Borrowings	1,360.00	1,534.72
- Debt Securities	5,330.50	4,515.29
- Sub-Ordinated Liabilities	4,048.62	4,064.50
- Lease Liability (Refer Note 48)	18.37	20.51
Bank Charges	101.18	95.99
Debenture Issue Expenses	344.30	272.30
<b>Total</b>	<b>11,572.62</b>	<b>10,926.13</b>
There are no Finance liabilities measured at FVTOCI		
<b>28. IMPAIRMENT ON FINANCIAL INSTRUMENTS</b>		
<b>(On Financial instruments measured at amortised cost)</b>		
Loans (Refer Note 6)	355.40	680.88
Bad Debts	336.69	233.77
Trade Receivables (Refer Note 5)	(18.46)	6.67
Investments	1.41	4.75
<b>Total</b>	<b>675.04</b>	<b>926.07</b>
There are no impairment on Financial Instruments measured at FVTOCI		



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
<b>29. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	3,342.56	2,917.01
Contributions to Provident Fund	106.05	101.32
Staff Welfare Expenses	160.86	175.76
Gratuity (Refer Note 42)	22.14	20.26
Leave Encashment (Refer Note 42)	33.09	31.86
<b>Total</b>	<b>3,664.70</b>	<b>3,246.21</b>
<b>30. DEPRECIATION AND AMORTIZATION</b>		
Depreciation - Property plant and Equipment (Refer Note 11(a) & 3(f))	260.02	249.20
Depreciation - Investment property (Refer Note 10 (a) & 3 (h))	4.60	4.60
Amortization - Intangibles (Refer Note 11 (d) & 3 (g))	46.49	38.48
Depreciation - Right of use assets (Refer Note No 48)	276.33	254.65
<b>Total</b>	<b>587.44</b>	<b>546.93</b>
<b>31. OTHER EXPENSES</b>		
Rent (Refer Note 48)	34.24	27.32
Rates, Taxes and Licences	231.66	145.81
Stamping on documents	18.24	17.64
Communication	43.90	45.48
Insurance	22.54	15.25
Travelling and Conveyance	398.92	403.08
Printing and Stationery	45.32	49.77
Power and Fuel	52.87	43.64
Advertisements	18.26	13.29
<b>Auditor's Remuneration :</b>		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	11.50	9.00
- Certification Fee <sup>#</sup>	6.18	12.83
- Reimbursement of Expenses	1.50	2.64
( <sup>#</sup> excluding ₹ 7.10 lakhs (31st March 2023 ₹ Nil paid for certification and taken as a part of amortised cost of borrowings)		
Legal and Professional Charges	363.32	323.37
<b>Repairs and Maintenance on:</b>		
- Buildings	75.20	71.76
- Machinery	66.34	93.20
- Information Technology	297.47	243.61
- Other Assets	33.92	40.09
Filing Fees	12.73	9.63
Directors' Sitting Fees (Refer Note 43)	32.10	44.70
Corporate Social Responsibility Expenses (Refer Note 37)	43.67	40.06
Loss on Sale of Property, Plant and Equipment	0.23	2.39
Miscellaneous Expenses	89.65	34.66
<b>Total</b>	<b>1,915.76</b>	<b>1,705.22</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
(₹ Lakhs)		
<b>32. (i) CONTINGENT LIABILITIES</b>		
<b>(i) Claims against the Company not acknowledged as debt;</b>		
<b>a) Income Tax issues</b>	<b>226.99</b>	226.99
Less : Amount paid under protest	<u>42.24</u>	<u>42.24</u>
	<b>184.75</b>	<b>184.75</b>
<p>The Company has disputed Income Tax Demand pertaining to the Assessment year 2012-13 for an amount of ₹ <b>9.83 Lakhs</b> (31st March 2023 : ₹ 9.83 Lakhs) in relation to disallowance under Section 14A of the Income Tax Act. The matter is pending with Assessing Officer.</p> <p>The Company has disputed Income Tax Demand pertaining to the Assessment year 2016-17 for an amount of ₹ <b>217.16 Lakhs</b> (31st March 2023 : ₹ 217.16 Lakhs) in relation to certain disallowances under Income Tax Act. The matter is pending before Commissioner of Income Tax (Appeals). During the Financial year 2022-23 the Company has remitted an amount of ₹ 42.24 Lakhs under protest against the demand.</p>		
<b>b) Service Tax Issues</b>	<b>2,082.34</b>	2,082.34
Less : Amount paid under protest	<u>143.30</u>	<u>143.30</u>
	<b>1,939.04</b>	<b>1,939.04</b>
<p>The Company has disputed Service Tax demands in respect of Service Tax liability on finance income for the period from 1st October 2014 to 30th June 2017. The total demand along with penalty but excluding non-determined interest amounts to ₹ <b>2,082.34 Lakhs</b> (31st March 2023 : ₹ 2,082.34 Lakhs). The Company has been legally advised that such demands are not sustainable. The Company has filed an appeal before Central Excise and Service Tax Appellate Tribunal ("CESTAT"), Chennai and the matter is pending before CESTAT. The Company has pre-deposited an amount of ₹ <b>143.30 Lakhs</b> (31st March 2023 : ₹ 143.30 Lakhs) under protest.</p>		
<b>c) Consumer Court cases pending</b>	<b>18.35</b>	18.35
<p>There are certain consumer claims pending against the Company, where such claims are disputed and contested by the Company in appropriate forums. The management has estimated that such claims amounts to <b>18.35 Lakhs</b> (31st March 2023 : ₹ 18.35 Lakhs).</p>		
(ii) Guarantees excluding financial guarantees; and	<b>Nil</b>	Nil
(iii) Other money for which the Company is contingently liable	<b>Nil</b>	Nil
<p>Future cash outflows in respect of above from (i) to (iii) are determinable only on receipt of judgements/decisions/negotiations pending with various forums/authorities/parties. It is not practicable for the Company to estimate the timings of the Cash Flows if any, Company does not expect any reimbursement in respect of the above contingent liabilities. The Company is of the opinions that above demands/claims are not sustainable and expects to succeed in appeals (wherever applicable). Hence no provision on account of same is made in the financial statements.</p>		
<b>(iv) Commitments</b>		
(a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for;	<b>Nil</b>	Nil
(b) Uncalled liability on Shares and other Investments partly paid;	<b>Nil</b>	Nil
(c) Other Commitments;	<b>Nil</b>	Nil
<p>(ii) In respect of termination of contracts, wherever there is uncertainty in the performance obligations arising out of such contracts, the Company has not quantified or accounted any income for the reason that there is no certainty of economic benefits flowing to the Company.</p>		
<b>33. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :</b>		
Travelling Expenses	-	1.01

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

(₹ Lakhs)

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
<b>34. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY</b>		
Year to which the dividend relates	<b>2022-23</b>	2021-22
No. of non-resident share holders	<b>1</b>	1
No. of shares on which dividend remittance was made	<b>44,50,000</b>	44,50,000
Amount remitted (₹ Lakhs)	<b>24.67</b>	21.15

**35. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY**

Particulars	31st March 2024	31st March 2023
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

**36. Additional Regulatory Disclosures (for the year ended 31st March 2024 and 31st March 2023)**

- a. There are no Title deeds of Immovable Properties that were not held in name of the Company.
- b. The Company measures investment property using cost based measurement.
- c. There were loans and advances in the nature of loans, which are granted to promoters, directors, KMPs and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Type of Borrower	31st March 2024		31st March 2023	
	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related Party	<b>1,501.05</b>	<b>1.19%</b>	1,579.08	1.32%

- d. There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- e. In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of account.
- f. The Company has not been declared as a wilful defaulter by any bank or financial Institution or other lender.
- g. The Company did not have any transactions with the companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956 except the following :

Name of the Struck off company	Balance outstanding as at		Relationship with struck off company
	31st March 2024	31st March 2023	
First Choice Financial Services Private Limited	<b>0.04</b>	0.04	Equity Shareholder
Kothari & Sons (Nominees) Private Limited	<b>0.02</b>	0.02	Equity Shareholder
Kwality General Finance Associates Limited	<b>0.10</b>	0.10	Equity Shareholder
West Mambalam Suga Leasing & Finance Limited	<b>0.02</b>	0.02	Equity Shareholder
Sivnat Invts. & Finance P.Ltd	<b>0.04</b>	0.04	Equity Shareholder
The North K.G.S.B. Co-Op Bank Ltd	<b>0.03</b>	0.03	Equity Shareholder
"The Blind" Society	<b>0.01</b>	0.01	Equity Shareholder
Silpa Avenues Private Limited	<b>0.01</b>	0.01	Equity Shareholder

During the Financial years ended March 31, 2024 and March 31, 2023, the Company did not have any transaction with above equity shareholders, being the companies whose names have been struck off under section 248 of the Companies Act, 2013 or Section 560 of the Companies Act, 1956. The shareholding data is as per the record of beneficiary position downloaded by the Registrar and Transfer Agent of the Company from the database maintained by the depositories and reported to the Company for the purpose of this disclosure.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

- h. The Company did not have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.
- i. The Company as a part of its normal business grants loans and advances, make investment, provides guarantees to its customer, other entitles and persons. These transactions are part of the Companies normal NBFC business, which is conducted ensuring adherence to all regulatory requirements. Other than the transactions described above. The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- j. The Company as a part of its normal business accepts deposits and borrowings from its customer, other entitles and persons. These transactions are part of the Companies normal NBFC business, which is conducted ensuring adherence to all regulatory requirements. Other than the transactions described above. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to it are not applicable.
- l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended March 31, 2024 and March 31, 2023.
- m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

### 37. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2024:

I. Amount required to be spent by the company during the year: ₹ **43.12 Lakhs** (31st March 2023 : ₹ 40.00 Lakhs)

II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken) (₹ Lakhs)

Particulars	31st March 2024	31st March 2023
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	<b>43.67</b>	40.06
<b>Total</b>	<b>43.67</b>	40.06

Particulars	Year ended 31st March 2024	Year ended 31st March 2023
Amount required to be spent by the company during the year	<b>43.12</b>	40.00
Amount of expenditure incurred	<b>43.67</b>	40.06
Shortfall at the end of the year		
Total of previous years shortfall	<b>Nil</b>	Nil
Reason for shortfall	<b>Nil</b>	Nil
Nature of CSR activities		
1. Education	<b>33.21</b>	31.32
2. Health Care	<b>1.51</b>	1.94
3. Others	<b>8.95</b>	6.80
Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	<b>12.00</b>	25.00
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	<b>Nil</b>	Nil

Refer Note 43 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions made to related party.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### 38. CAPITAL MANAGEMENT

The company determines the amount of capital required on the basis of factors like funding structure, capital adequacy ratio and leveraging ratios. The capital adequacy ratio working are given below. The capital structure is also monitored on the basis of Capital adequacy ratio. (₹ Lakhs)

Particulars	As at 31st March 2024			As at 31st March 2023 Ratio (%)	% of Variance	Reason for variance (If above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk weighted Assets Ratio (CRAR)	24,237.59	131,152.53	18.48%	19.68%	-6.10%	NA
Tier - I Capital	18,574.56	131,152.53	14.16%	13.99%	1.23%	NA
Tier - II Capital	5,663.03	131,152.53	4.32%	5.69%	-24.11%	On account of reduction in discounted value of subordinated debts (Unsecured Redeemable, Non-Convertible Debentures) as compared to previous year.
Liquidity Coverage Ratio [Refer note 49.3(vi)]	5,519.21	2,154.55	256.17%	295.97%	-13.45%	On account of reduction in SLR Investments as compared to previous year

#### Components of Numerator

"Tier I Capital" means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

"Owned fund" means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

#### "Tier II Capital" includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets
- hybrid debt capital instruments; and
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital.
- perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.

#### Components of Denominator

##### Aggregate Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI. (₹ Lakhs)

Particulars	As at 31st March 2024	As at 31st March 2023
Tier - I Capital	18,574.56	17,584.59
Tier - II Capital	5,663.03	7,149.11
<b>Total Capital</b>	<b>24,237.59</b>	<b>24,733.70</b>
Aggregate of Risk Weighted Assets	1,31,152.53	1,25,674.33
<b>Tier-I Capital adequacy ratio</b>	<b>14.16%</b>	<b>13.99%</b>
<b>Total Capital adequacy ratio</b>	<b>18.48%</b>	<b>19.68%</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### 39. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

(₹ Lakhs)

Particulars	Notes	As at 31st March 2024		As at 31st March 2023		Total
		Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
<b>ASSETS</b>						
<b>Financial Assets</b>						
Cash and Cash Equivalents	4	7,478.74	-	3,002.79	-	3,002.79
Bank Balances other than Cash and Cash Equivalents	4A	2,522.02	-	42.91	-	42.91
Receivables	5					
(i) Trade Receivables		186.11	-	226.21	-	226.21
(ii) Other Receivables		12.22	-	18.39	-	18.39
Loans	6	57,992.81	62,179.58	59,156.74	55,343.36	1,14,500.10
Investments	7	341.05	1,049.02	702.77	641.74	1,344.51
Other Financial Assets	8	1,382.94	-	1,288.55	-	1,288.55
<b>Non-Financial Assets</b>						
Current tax Assets (net)		-	-	-	-	33.15
Deferred tax Assets (net)	9	-	387.03	387.03	-	395.30
Investment Property	10	-	266.02	266.02	-	270.61
Property, Plant and Equipment	11 (a)	-	5,665.91	5,665.91	-	5,844.58
Right of use assets	11 (b)	-	945.70	945.70	-	1,059.12
Intangible Assets under development	11 (c)	-	67.79	67.79	-	-
Other Intangible Assets	11 (d)	-	165.31	165.31	-	156.58
Other Non-Financial Assets	12	353.35	1,500.00	375.19	1,500.00	1,875.19
<b>Total Assets</b>		<b>70,269.24</b>	<b>72,226.36</b>	<b>64,846.70</b>	<b>65,211.29</b>	<b>1,30,057.99</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Particulars	Notes	As at 31st March 2024		As at 31st March 2023		Total
		Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
<b>LIABILITIES AND EQUITY</b>						
<b>Liabilities</b>						
Financial Liabilities						
<b>Payables</b>	13					
(I) Trade Payables						
(i) Total outstanding dues of micro enterprises and small enterprises		0.59	-	0.59	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		226.01	-	226.01	156.15	156.15
(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		189.83	-	189.83	193.26	193.26
Debt Securities	14	14,165.26	51,454.31	65,619.57	18,321.75	30,470.68
Borrowings (Other than debt securities)	15	7,961.91	4,518.36	12,480.27	13,366.83	1,287.25
Deposits	16	884.92	7,396.55	8,281.47	2,444.17	2,444.17
Sub-Ordinated Liabilities	17	21,025.07	10,141.91	31,166.98	13,231.96	28,280.44
Other Financial Liabilities	18	464.52	1,854.14	2,318.66	522.14	862.82
<b>Non-Financial Liabilities</b>						
Current tax Liabilities (net)		3.46	-	3.46	-	-
Provisions	19	142.72	-	142.72	135.49	135.49
Deferred tax Liabilities (net)		-	-	-	-	-
Other Non-Financial Liabilities	20	229.07	-	229.07	97.78	97.78
<b>Equity</b>						
Equity Share Capital	21	-	6,470.59	6,470.59	-	6,470.59
Other Equity	22	-	15,366.38	15,366.38	-	14,216.68
<b>Total Liabilities and Equity</b>		<b>45,293.36</b>	<b>97,202.24</b>	<b>1,42,495.60</b>	<b>48,469.53</b>	<b>1,30,057.99</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**
**40. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities**

(₹ Lakhs)

Particulars	31st March 2023	Cash Flows	Others	31st March 2024
Debt Securities	48,792.43	16,786.80	40.34	65,619.57
Deposits	2,444.17	5,822.96	14.34	8,281.47
Borrowings Other than Debt securities	14,654.08	(2,247.29)	73.48	12,480.27
Sub-Ordinated Liabilities	41,512.40	(9,765.55)	(579.87)	31,166.98
Lease Liabilities	372.92	(131.18)	35.29	277.03
<b>Total</b>	<b>1,07,776.00</b>	<b>10,465.74</b>	<b>(416.42)</b>	<b>1,17,825.32</b>

**41. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX**
**a. Explanation of Relationship between Tax Expense and Accounting Profit**

Sl No	Particulars	FY 2023-24	FY 2022-23
1	Profit before Tax	<b>2,147.79</b>	1,735.97
2	Applicable Income Tax Rate (%)	<b>25.17%</b>	25.17%
3	Expected Income Tax Expense	<b>540.55</b>	436.91
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	<b>453.07</b>	500.55
	Effect of expenses / provisions deductible in determining taxable profit	<b>(421.24)</b>	(262.81)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	-
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	<b>572.38</b>	674.65

**b. Deferred Tax Asset/(Liabilities) - Major Components**

Sl No	Particulars	Balance as at 31st March 2023	Tax Expense/ (Income) charged in P&L Statement	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2024
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	1,109.27	<b>(76.14)</b>	<b>10.79</b>	<b>1,174.62</b>
2	Employee benefit expenses	34.10	<b>(1.82)</b>	-	<b>35.92</b>
3	Right of Use Assets & Lease Liabilities	5.73	<b>3.03</b>	-	<b>2.70</b>
4	Application of EIR on Financial Liabilities	(50.03)	<b>110.67</b>	-	<b>(160.70)</b>
5	Differences in carrying amount of Property, Plant and Equipment	(703.77)	<b>(38.26)</b>	-	<b>(665.51)</b>
	<b>Deferred Tax Asset / (Liabilities)</b>	<b>395.30</b>	<b>(2.52)</b>	<b>10.79</b>	<b>387.03</b>



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### c. Tax Items in Statement of Profit and Loss

(₹ Lakhs)

Sl No	Particulars	31st March 2024	31st March 2023
1	Current Tax Expense/(Income)	572.38	674.65
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(2.52)	(188.05)
	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	569.86	486.60

### d. Tax Items recognised in Other Comprehensive Income

Sl No	Particulars	31st March 2024	31st March 2023
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	10.79	10.68
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	10.79	10.68

e. There is no tax expense charged directly to other equity.

### f. Tax u/s 115 BAA of Income Tax Act 1961

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company has exercised the option permitted Under Section 115BAA of the Income Tax Act 1961 to compute Income Tax at an effective rate (ie., 25.17 %) from the financial year 2019 -20.

## 42. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

### a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

#### 1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yield falls, 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.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date

### 5. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2024	As at 31st March 2023
<b>I</b>	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the period	151.95	179.41
	(i) Current Service Cost	22.11	20.24
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	9.81	11.14
	(iv) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	0.86	(4.79)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	(4.92)	0.10
	(v) Benefits paid	(30.49)	(54.15)
	Defined benefit obligation as at the end of the year	149.32	151.95
<b>II</b>	<b>Fair Value of Plan Assets</b>		
	Fair Value of Plan Assets at the beginning of the period	143.11	170.72
	(i) Benefits Paid	(30.49)	(54.15)
	(ii) Employer Contribution	16.77	16.81
	(iii) Expected Interest Income on Plan Assets	9.78	11.12
	(iv) Actuarial (Loss)/Gain from Return on Plan Assets	(1.10)	(1.39)
	Fair Value of Plan Assets as at the end of the year	138.07	143.11
	<b>Net (Asset)/Liability Recognised in Balance Sheet ( I-II)</b>	<b>11.25</b>	<b>8.84</b>
<b>III</b>	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current Service Cost	22.11	20.24
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	9.81	11.14
	(iv) Expected Interest Income on Plan Assets	(9.78)	(11.12)
	Net Cost recognized in the Statement of Profit and Loss	22.14	20.26
<b>IV</b>	<b>Re-measurement (Loss)/gain due to</b>		
	(a) Changes in financial assumptions	0.86	(4.79)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	(4.92)	0.10
	Actuarial (Loss)/Gain from Return on Plan Assets	1.10	1.39
	<b>Net cost recognised in Other Comprehensive Income</b>	<b>(2.96)</b>	<b>(3.30)</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

<b>V</b>	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	7.18%	7.31%
	(ii) Expected Return on Plan Assets	7.18%	7.31%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
	(v) Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
<b>VI</b>	<b>Sensitivity Analysis for significant actuarial assumption</b>	<b>Impact on defined benefit obligation</b>	<b>Impact on defined benefit obligation</b>
	(i) Discount Rate		
	+ 100 Basis Rate	-6.12	-6.36
	- 100 Basis Rate	6.71	6.96
	(ii) Salary Growth		
	+ 100 Basis Rate	6.44	6.66
	- 100 Basis Rate	-5.96	-6.17
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.34	0.51
	- 100 Basis Rate	-0.40	-0.57

**Expected payment for future years**

Particulars	As at 31st March 2024	As at 31st March 2023
Within the next 12 months	31.73	26.16
Between 2 and 5 years	55.55	66.95
Between 5 and 10 years	33.87	32.54
Beyond 10 years	28.17	26.30
<b>Total Expected Payments</b>	<b>149.32</b>	<b>151.95</b>

**Notes :**

- The Company expects to contribute ₹ 30.39 Lakhs to the fund in the next financial year.
- The weighted average duration of the defined benefit obligation as at 31st March 2024 is 5.49 years (31st March 2023: 5.46 years).
- The estimate of future salary increase takes into account inflation, promotions, productivity gains and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
- The entire Plan Assets are invested in insurer managed funds with Life Insurance Corporation of India (LIC).
- The above sensitivity analysis are based on change in an assumption which is holding all the other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of defined benefit obligation to significant actuarial assumptions the same method of present value of defined benefit obligations calculated with Projected unit credit method at the end of the reporting period has been applied while calculating defined benefit liability recognised in the balance sheet.
- The method and type of assumptions used in preparing the sensitivity analysis does not change as compared to the prior period.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### 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.

#### 1. Interest rates risk :

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yield falls, the defined benefit obligation will tend to increase.

#### 2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

#### 3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Leave encashment plan. (₹ Lakhs)

Sl No	Particulars	As at 31st March 2024	As at 31st March 2023
<b>I</b>	<b>Present Value of Defined Benefit Obligation</b>		
	Defined benefit obligation at the beginning of the year	59.24	60.96
	(i) Current service cost	15.30	13.48
	(ii) Interest cost	3.18	2.90
	(iii) Re-measurement Loss/(gain) due to :	-	-
	(a) Changes in financial assumptions	0.30	(1.54)
	(b) Changes in demographic assumptions	-	-
	(c) Experience on defined benefit obligation	14.31	17.02
	(iv) Benefits paid	(29.95)	(33.58)
	<b>Defined benefit obligations as at the end of the year</b>	<b>62.38</b>	<b>59.24</b>
<b>II</b>	<b>Cost of Defined Benefit Plan for the Year</b>		
	(i) Current service cost	15.30	13.48
	(ii) Interest cost	3.18	2.90
	(iii) Others	14.61	15.48
	<b>Net Cost recognized in the Statement of Profit and Loss</b>	<b>33.09</b>	<b>31.86</b>
<b>III</b>	<b>Significant Actuarial Assumptions</b>		
	(i) Discount Rate	7.18%	7.31%
	(ii) Expected Return on Plan Assets	0.00%	0.00%
	(iii) Salary Escalation Rate	4.00%	4.00%
	(iv) Attrition Rate	19.00%	19.00%
	(v) Mortality Rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2024	As at 31st March 2023
IV	<b>Sensitivity Analysis for significant actuarial assumption</b>	<b>Impact on defined benefit obligation</b>	<b>Impact on defined benefit obligation</b>
	(i) Discount Rate		
	+ 100 Basis Rate	-2.22	-2.03
	- 100 Basis Rate	2.42	2.22
	(ii) Salary Growth		
	+ 100 Basis Rate	2.18	1.99
	- 100 Basis Rate	-2.03	-1.85
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.05	0.07
	- 100 Basis Rate	-0.07	-0.10

**Expected payment for future years**

Particulars	As at 31st March 2024	As at 31st March 2023
Within the next 12 months	10.38	10.28
Between 2 and 5 years	19.25	17.80
Between 5 and 10 years	9.01	8.69
Beyond 10 years	23.74	22.47
<b>Total Expected Payments</b>	<b>62.38</b>	<b>59.24</b>

**Notes :**

- The Company has not funded its Compensated Absences Liability and the same continues to remain as unfunded as at 31st March 2024 and 31st March 2023.
- The estimate of future salary increase takes into account inflation, promotions, productivity gains and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

**c. Defined Contribution Plan**

A defined Contribution plan is a plan under which the Company pays fixed contributions and where there is no legal or constructive obligation to pay further contributions.

Contribution by the Company to Statement of Profit and Loss on account of Defined Contribution Plans are as follows:

a) Provident Fund contribution (See Note 29)	106.05	101.32
b) Employees State Insurance Scheme (included in staff welfare expenses in Note 29)	6.92	9.49

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### 43. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

#### Nature of Relationships

A	Enterprises in which the Key Management Personnel and close relatives of members of Key Management Personnel exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Financial Services (Cochin) Private Ltd Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Limited The Gounder and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam The Vanavarayar Foundation Trust Sakthi Digital Limited
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 Sri Srinivasan Anand, Chief Financial Officer Sri C Subramaniam, Company Secretary
C	Close relatives of members of Key Management Personnel	Smt Karunambal Vanavaraayar, Sister of Dr M Manickam, Sri M Balasubramaniam and Sri M Srinivaasan Sri M Harihara Sudhan, Son of Dr M Manickam Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam Smt Samyuktha Vanavarayar, daughter of Sri M Balasubramaniam Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Selvan Amrit Vishnu Balasubramaniam, Son of Sri M Balasubramaniam Smt Bhavani Gopal, Wife of P S Gopalakrishnan Selvi Anusha Bhansali, Daughter of Smt.Priya Bhansali Smt Lalitha Ramakrishnan, Wife of Sri K P Ramakrishnan

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Close Relatives of members of Key Management Personnel	For the year ended 31st March 2024	For the year ended 31st March 2023
<b>1</b>	<b>Income</b>					
	<b>Rent received</b>					
	Sakthifinance Financial Services Ltd	44.79	-	-	44.79	8.61
	ABT Industries Ltd	24.60	-	-	24.60	23.43
	Sakthi Pelican Insurance Broking Pvt Ltd	4.68	-	-	4.68	4.46
	<b>Income from HP Operations</b>					
	Sakthi Foundation	2.93	-	-	2.93	11.14
	Suddha Sanmarga Nilayam	0.38	-	-	0.38	1.14
	<b>Interest Income</b>					
	ABT Industries Ltd.	71.32	-	-	71.32	30.97
	<b>Other Income</b>					
	Sakthi Pelican Insurance Broking Pvt Ltd	25.96	-	-	25.96	-
	<b>Reimbursement of Expenses / Income</b>					
	ABT Industries Ltd	4.63	-	-	4.63	6.73
<b>2</b>	<b>Expenses</b>					
	<b>Purchase of fuel and others</b>					
	N.Mahalingam & Co	14.38	-	-	14.38	15.09
	<b>Purchase of Intangible Assets</b>					
	Sakthi Digital Limited	5.55	-	-	5.55	-
	<b>Reimbursement of Expenses (Electricity / Internet charges)</b>					
	ABT Industries Ltd	7.81	-	-	7.81	3.55
	Sakthifinance Financial Services Ltd.	0.98	-	-	0.98	0.94
	<b>Rent paid</b>					
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	2.40
	Sri M. Srinivaasan	-	123.33	-	123.33	117.53
	ARC Retreading Company Pvt Ltd	2.31	-	-	2.31	2.23
	N.Mahalingam & Co	12.60	-	-	12.60	14.16
	Sakthifinance Financial Services Ltd.	9.38	-	-	9.38	-
	<b>Resource Mobilisation Charges</b>					
	Sakthifinance Financial Services Ltd.	679.84	-	-	679.84	272.12
	ABT Industries Ltd	5.67	-	-	5.67	-
	<b>Printing charges</b>					
	Nachimuthu Industrial Association	20.22	-	-	20.22	13.40
	Sakthi Sugars Ltd. (Om Sakthi)	3.36	-	-	3.36	2.32
	Sakthi Foundation	1.37	-	-	1.37	1.13
	<b>Professional Charges</b>					
	Ramanandha Adigalar Foundation	-	-	-	-	22.89
	<b>Corporate Social Responsibility Expenses</b>					
	Sri Ramanandha Adigalar Foundation	12.00	-	-	12.00	25.00

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Close Relatives of members of Key Management Personnel	For the year ended 31st March 2024	For the year ended 31st March 2023
	<b>Short term Employee Benefits - Remuneration</b>					
	Sri M.Balasubramaniam	-	49.80	-	49.80	43.80
	Dr S.Veluswamy	-	-	-	-	32.62
	Sri Srinivasan Anand	-	26.10	-	26.10	25.79
	Sri S.Venkatesh	-	-	-	-	15.88
	Sri C.Subramaniam	-	20.03	-	20.03	3.65
	Selvan Amrit Vishnu B	-	-	10.28	10.28	3.15
	<b>Short term Employee Benefits-Perquisites</b>					
	Sri M.Balasubramaniam	-	-	-	-	0.75
	<b>Provident Fund Contributions</b>					
	Sri M.Balasubramaniam	-	4.32	-	4.32	4.32
	Dr S.Veluswamy	-	-	-	-	2.30
	Sri S.Venkatesh	-	-	-	-	0.99
	Sri C.Subramaniam	-	1.15	-	1.15	0.19
	Selvan Amrit Vishnu B	-	-	0.22	0.22	0.07
	<b>Commission</b>					
	Sri M.Balasubramaniam **	-	77.72	-	77.72	75.25
	<b>Sitting Fees - Non-Executive Directors</b>					
	Sri M.Manickam	-	3.00	-	3.00	4.30
	Sri M.Srinivaasan	-	2.70	-	2.70	4.50
	Dr S.Veluswamy	-	2.80	-	2.80	3.30
	<b>Sitting Fees - Independent Directors</b>					
	A Selvakumar	-	10.40	-	10.40	12.60
	P S Gopalakrishnan	-	2.40	-	2.40	4.50
	Priya Bhansali	-	4.40	-	4.40	7.00
	K P Ramakrishnan	-	6.40	-	6.40	8.50
	<b>Reimbursement of Travelling Expense - Non-Executive Directors</b>					
	M.Manickam	-	0.15	-	0.15	0.27
	M.Srinivaasan	-	0.15	-	0.15	0.24
	S.Veluswamy	-	0.15	-	0.15	0.27
	<b>Reimbursement of Travelling Expense - Independent Directors</b>					
	A Selvakumar	-	0.15	-	0.15	0.27
	P S Gopalakrishnan	-	0.15	-	0.15	0.24
	Priya Bhansali	-	0.15	-	0.15	0.27
	K P Ramakrishnan	-	0.15	-	0.15	0.27
	** subject to the approval of members at the ensuing Annual General Meeting					



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Close Relatives of members of Key Management Personnel	For the year ended 31st March 2024	For the year ended 31st March 2023
<b>3</b>	<b>Assets</b>					
	<b>Loans and advances given</b>					
	Sri S.Venkatesh	-	-	-	-	2.00
	ABT Industries Ltd	500.00	-	-	500.00	350.00
	<b>Loans and advances repaid</b>					
	ABT Industries Ltd	(500.00)	-	-	(500.00)	(350.00)
	Sri S.Venkatesh	-	-	-	-	(4.79)
	<b>Outstanding as at the year end</b>					
	<b>Loans and Advances</b>					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Sugars Ltd	1,500.00	-	-	1,500.00	1,500.00
	Sakthi Foundation	1.05	-	-	1.05	37.13
	Suddha Sanmarga Nilayam	-	-	-	-	4.59
	Sakthifinance Financial Services Ltd	-	-	-	-	14.24
	Sakthi Pelican Insurance Broking Pvt. Ltd	-	-	-	-	10.83
	ABT Industries Ltd	-	-	-	-	30.97
	Sri S.Venkatesh	-	-	-	-	6.38
	<b>Rent / Other reimbursement receivables</b>					
	Sakthifinance Financial Services Ltd	3.13	-	-	3.13	23.62
	ABT Industries Ltd.	26.15	-	-	26.15	20.00
	Sakthi Pelican Insurance Broking Pvt. Ltd	26.32	-	-	26.32	0.34
<b>4</b>	<b>Liabilities:</b>					
	<b>Transactions during the year</b>					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	(8.00)	-	-	(8.00)	(4.46)
	Sakthifinance Financial Services Ltd.	(0.77)	-	-	(0.77)	197.10
	Sakthi Financial Services Cochin Pvt Ltd	(125.00)	-	-	(125.00)	(7.16)
	Smt Samyuktha Vanavaraayar	-	-	15.00	15.00	-
	Selvi Shruthi Balasubramaniam	-	-	15.00	15.00	(38.00)
	Smt Karunambal Vanavaraayar	-	-	(76.00)	(76.00)	300.00
	Sri P S Gopalakrishnan	-	-	-	-	25.00
	Smt Lalitha Ramakrishnan	-	-	(6.00)	(6.00)	1.00
	Smt Vinodhini Balasubramaniam	-	-	200.00	200.00	-
	Selvan Amrit Vishnu Balasubramaniam	-	-	10.00	10.00	-
	Selvi Anusha Bhansali	-	-	(10.00)	(10.00)	-
	<b>Investment in Deposits:</b>					
	Smt Bhavani Gopal	-	-	5.00	5.00	-
	<b>Subscription in SD Bonds</b>					
	Smt.Vinodhini Balasubramaniam	-	-	(10.00)	(10.00)	-
	Selvi Shruthi Balasubramaniam	-	-	(10.00)	(10.00)	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Close Relatives of members of Key Management Personnel	For the year ended 31st March 2024	For the year ended 31st March 2023
	<b>Subscription in Redeemable Cumulative Preference Shares ("RCPS") :</b>					
	Sakthi Financial Services Cochin Pvt Ltd	-	-	-	-	(50.20)
	<b>Outstanding as at the year end</b>					
	<b>Investment in NCDs:</b>					
	ABT Finance Ltd	-	-	-	-	8.00
	Sakthifinance Financial Services Ltd.	246.08	-	-	246.08	246.85
	Sakthi Financial Services Cochin Pvt Ltd	24.90	-	-	24.90	149.90
	Sri P S Gopalakrishnan	-	35.00	-	35.00	35.00
	Smt Vinodhini Balasubramaniam	-	-	280.00	280.00	80.00
	Smt Samyuktha Vanavaraayar	-	-	210.00	210.00	195.00
	Selvi Shruthi Balasubramaniam	-	-	55.00	55.00	40.00
	Selvan Amrit Vishnu Balasubramaniam	-	-	22.00	22.00	12.00
	Smt Bhavani Gopal	-	-	10.00	10.00	10.00
	Smt Lalitha Ramakrishnan	-	-	25.00	25.00	31.00
	Sri Hariharasudhan Manickam	-	-	2.00	2.00	2.00
	Selvi Anusha Bhansali	-	-	-	-	10.00
	Smt Karunambal Vanavaraayar	-	-	524.00	524.00	600.00
	<b>Subscription in SD Bonds:</b>					
	Smt.Vinodhini Balasubramaniam	-	-	-	-	10.00
	Selvi Shruthi Balasubramaniam	-	-	-	-	10.00
	<b>Subscription in deposits:</b>					
	Smt Bhavani Gopal	-	-	5.00	5.00	-
	<b>Subscription in Redeemable Cumulative Preference Shares ("RCPS") :</b>					
	Sakthi Financial Services Cochin Pvt Ltd	166.50	-	-	166.50	166.50
	<b>Liabilities for Expenses Payable:</b>					
	ARC Retreading Company Pvt Ltd	0.21	-	-	0.21	0.19
	Nachimuthu Industrial Association	0.59	-	-	0.59	-
	N.Mahalingam and Co	2.05	-	-	2.05	2.07
	Sakthi Sugars Ltd.	0.41	-	-	0.41	-
	Sakthi Digital Limited	5.55	-	-	5.55	-
	Sakthi Foundation	0.10	-	-	0.10	-
	Commission payable to Sri M.Balasubramaniam	-	77.72	-	77.72	75.25
	Sri M.Srinivaasan	-	6.01	-	6.01	5.66

**Terms and conditions of transaction with related parties:**

- All transactions are in the ordinary course of business on terms equivalent to those that prevail in an arm's length transaction.
- The Company has not granted loans or advances that is repayable on demand or without specifying any terms or period of repayment to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, for the financial years ended 31st March 2024 and 31st March 2023.
- There have been no guarantees provided or received to/from any related party on trade receivables or trade payables

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

4. For the year ended 31st March, 2024, and 31st March 2023 the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party.
5. During the year ended 31st March 2024, and 31st March 2023 the Company has not written off any receivables due from related parties.
6. There were no termination benefits and share based payment to any Key Management Personnel (KMP) during the year ended 31st March 2024 and 31st March 2023.
7. Outstanding balances as at the year ended are unsecured and settlement takes place in cash / transfer of assets.
8. For the year 31st March 2024 and 31st March 2023, there are no amounts incurred for provision of Key Management Personnel services that are provided by a separate entity.
9. The provisions relating to Post Employment Benefits (Gratuity) and Other Long Term Benefits (Leave encashment) are determined based on actuarial valuation for the Company as a whole. Accordingly such benefits provided to individual Key Management Personnel is not disclosed above.

#### 44. Disclosure pursuant to Ind AS "33" - Earnings Per Share (Refer Note 3(u))

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit for the year attributable to equity holders of Company (after adjusting for interest on the convertible preference shares and interest on the convertible bond, in each case, net of tax) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For the year ended 31st March 2024 and 31st March 2023 the Company had no convertible Equity and Debt Instruments

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
a) Weighted average number of equity shares of ₹ 10 each (For Basic and Diluted EPS)		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos) (For Basic and Diluted EPS)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	1,570.54	1,249.37
Basic and diluted earnings per share (Face Value: ₹10 per share) (₹)	2.43	1.93

#### 45. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

##### Credit Risk

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well-defined Credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

##### Expected Credit Loss ("ECL")

As a result of adoption of IndAs , the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components Viz.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD) and weightages have been decided based on industry best practices and judgement. ECL is measured based on various stages of assets and by applying PD and LGD to arrive at impairment loss.

### **Exposure at Default ("EAD")**

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

### **Probability of Default ("PD")**

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP , Inflation rate etc.

### **Loss Given Default ("LGD")**

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

### **Definition of Default**

If the borrower is past due for more than 90 days on any material credit obligation to the Company; or the borrower is unlikely to pay his credit obligations to the Company in full, it is considered as default.

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

### **Write-offs (Refer Note 3(c))**

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

(₹ Lakhs)

Particulars	31st March 2024			31st March 2023				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	97,578.13	15,116.22	6,997.89	1,19,692.24	99,679.78	9,200.48	5,942.21	1,14,822.47
New business - net of recovery	63,194.85	8,484.79	735.11	72,414.75	64,381.52	10,522.00	800.64	75,704.16
Transfer due to change in credit worthiness								
Stage 1	4,033.25	(3,693.03)	(340.22)	-	1,747.12	(1,591.87)	(155.25)	-
Stage 2	(5,761.16)	5,803.65	(42.49)	-	(3,230.29)	3,248.42	(18.13)	-
Stage 3	(1,382.71)	(650.50)	2,033.21	-	(1,546.77)	(916.36)	2,463.13	-
Financial Assets that have been derecognised	(53,505.17)	(10,066.63)	(2,478.57)	(66,050.37)	(63,353.94)	(5,337.71)	(1,908.98)	(70,600.63)
Write off during the year	(24.98)	(2.83)	(308.88)	(336.69)	(99.29)	(8.74)	(125.73)	(233.76)
<b>Balance at the end of the year</b>	<b>1,04,132.21</b>	<b>14,991.67</b>	<b>6,596.05</b>	<b>1,25,719.93</b>	<b>97,578.13</b>	<b>15,116.22</b>	<b>6,997.89</b>	<b>1,19,692.24</b>

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2024			31st March 2023				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	167.16	1,149.30	3,875.68	5,192.14	478.79	95.53	3,936.95	4,511.27
New business - net of recovery	196.00	616.27	138.35	950.62	145.77	862.26	170.80	1,178.83
Transfer due to change in credit worthiness								
Stage 1	14.55	(11.58)	(2.97)	-	0.28	(0.28)	-	-
Stage 2	(503.18)	507.40	(4.22)	-	(218.50)	219.31	(0.81)	-
Stage 3	(423.24)	(239.95)	663.19	-	(379.50)	(253.85)	633.35	-
Financial Assets that have been derecognised	987.77	(852.36)	(413.65)	(278.24)	142.28	227.54	(672.55)	(302.73)
Write off during the year	(0.07)	(0.83)	(316.08)	(316.98)	(1.96)	(1.23)	(192.04)	(195.23)
<b>Balance at the end of the year</b>	<b>438.99</b>	<b>1,168.25</b>	<b>3,940.30</b>	<b>5,547.54</b>	<b>167.16</b>	<b>1,149.28</b>	<b>3,875.70</b>	<b>5,192.14</b>

Stage	31st March 2024			31st March 2023		
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value
Stage 1	1,04,132.21	438.99	1,03,693.22	97,578.13	167.16	97,410.97
Stage 2	14,991.67	1,168.25	13,823.42	15,116.22	1,149.28	13,966.94
Stage 3	6,596.05	3,940.30	2,655.75	6,997.89	3,875.70	3,122.19
<b>Total</b>	<b>1,25,719.93</b>	<b>5,547.54</b>	<b>1,20,172.39</b>	<b>1,19,692.24</b>	<b>5,192.14</b>	<b>1,14,500.10</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### Geographical break-up of portfolio - Net Stock on Hire (excluding loan repayable on demand and other loans) (₹ Lakhs)

Particulars	FY 2024	FY 2023
Tamil Nadu & Puducherry	97,998	95,355
Kerala	19,967	17,046
Karnataka	2,991	3,132
Andhra	3,329	2,963
<b>Total</b>	<b>1,24,285</b>	<b>1,18,496</b>

### Portfolio composition - Net Stock on Hire (excluding loan repayable on demand and other loans)

Particulars	FY2024	FY2023
Commercial Vehicles	1,09,284	1,06,088
Cars & Jeeps	9,204	7,671
Construction Equipment	4,960	3,967
Machinery	800	709
Consumer Durables	37	61
<b>Total</b>	<b>1,24,285</b>	<b>1,18,496</b>

### 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 2024 is furnished hereunder :

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>								
Deposits	16 & 18	202.26	-	884.92	4,373.83	3,022.73	-	8,483.74
Borrowings	14,15,17&18	19,712.11	5,427.63	18,731.04	35,664.32	26,757.86	3,692.41	1,09,985.37
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
<b>Total</b>		<b>19,914.37</b>	<b>5,427.63</b>	<b>19,615.96</b>	<b>40,038.15</b>	<b>29,780.59</b>	<b>3,692.41</b>	<b>1,18,469.11</b>
<b>Financial Assets</b>								
Cash and cash equivalents	4	384.83	-	-	-	-	-	384.83
Bank balances	4A	9,035.93	-	580.00	-	-	-	9,615.93
Loans	6	15,507.83	16,244.81	26,240.17	54,816.13	7,115.82	247.63	1,20,172.39
Investments	7	341.05	-	-	150.27	-	898.75	1,390.07
Other financial assets		-	-	-	-	-	-	-
<b>Total</b>		<b>25,269.64</b>	<b>16,244.81</b>	<b>26,820.17</b>	<b>54,966.40</b>	<b>7,115.82</b>	<b>1,146.38</b>	<b>1,31,563.22</b>

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2023 is furnished hereunder :

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Liabilities</b>								
Deposits	16 & 18	703.90	798.18	1,200.87	-	-	-	2,702.95
Borrowings	14,15 & 17	7,694.98	10,033.47	27,283.59	46,568.11	13,439.27	-	1,05,019.42
Foreign Currency Assets		-	-	-	-	-	-	-
Foreign Currency Liabilities		-	-	-	-	-	-	-
<b>Total</b>		<b>8,398.88</b>	<b>10,831.65</b>	<b>28,484.46</b>	<b>46,568.11</b>	<b>13,439.27</b>	<b>-</b>	<b>1,07,722.37</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2023 is furnished hereunder: (cont..)

(₹ Lakhs)

Particulars	Note	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
<b>Financial Assets</b>								
Cash and cash equivalents	4	189.80	-	-	-	-	-	189.80
Bank balances	4A	2,855.90	-	-	-	-	-	2,855.90
Loans	6	16,070.63	15,895.67	27,190.46	49,351.90	5,767.96	223.48	1,14,500.10
Investments	7	-	217.14	485.62	491.92	-	149.83	1,344.51
Other financial assets		672.65	167.17	381.23	634.58	-	2,186.25	4,041.88
<b>Total</b>		<b>19,788.98</b>	<b>16,279.98</b>	<b>28,057.31</b>	<b>50,478.40</b>	<b>5,767.96</b>	<b>2,559.56</b>	<b>1,22,932.19</b>

### Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

### Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

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

Particulars	Note	As at 31st March 2024	As at 31st March 2023
<b>Financial assets</b>			
Fixed rate instruments			
Loans	6	<b>1,25,719.93</b>	1,19,692.24
Investments	7	<b>1,200.34</b>	1,194.69
Bank Balances	4A	-	-
Variable rate Instruments		-	-
<b>Total</b>		<b>1,26,920.27</b>	<b>1,20,886.93</b>
<b>Financial Liabilities</b>			
<b>Fixed rate instruments</b>			
Debt securities	14 & 18	<b>65,729.95</b>	48,831.16
Borrowings (other than debt securities)	15	<b>7,216.73</b>	2,696.17
Deposits	16 & 18	<b>8,483.74</b>	2,702.95
Sub-Ordinated liabilities	17 & 18	<b>30,022.63</b>	40,038.88
Preference Shares	17 & 18	<b>2,059.02</b>	1,508.30
<b>Variable rate instruments</b>			
Bank Borrowings	15	<b>5,263.55</b>	11,957.91
<b>Total</b>		<b>1,18,775.62</b>	<b>1,07,735.37</b>

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2024		31st March 2023	
	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	<b>+53</b>	<b>(53.00)</b>	+60	(60.00)

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

### 46. Disclosures Pursuant To Ind AS "108" - Operating Segments

a. The Company is primarily engaged in the business of asset financing. All other activities are not significant and incidental to the main business. 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 and there are no other separate reportable segments identified.

i) Information about geographical areas

The Company operates within India. Therefore, it neither generates any revenue from outside India nor has any non current assets located outside India for the financial years ended 31st March 2024 and 31st March 2023.

ii) Information about major customers

No single external customer contributes 10% or more to the revenues of the Company for the financial years ended 31st March 2024 and 31st March 2023.

b. Disclosures pursuant to Ind As"23" - Borrowing Costs

There were no borrowing costs capitalized during the years ended 31st March 2024 and 31st March 2023 and hence disclosure of capitalization rate used to determine the amount of borrowing costs eligible for capitalization is not applicable.

c. The Company has no discontinuing operations during the financial years ended 31st March 2024 and 31st March 2023

### 47. Disclosure pursuant to Ind AS "113"

#### Fair Valuation principle :

#### a. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value hierarchy	As at 31st March 2024	As at 31st March 2023
Investment in Equity Instruments (Quoted)	Level 1	163.88	111.47
Investment in Equity Instruments (Un-Quoted)	Level 3	38.41	38.35

#### b.i. Financial assets and financial liabilities measured at amortised cost as at 31st March 2024

Particulars	Notes	Carrying Amount	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial Assets</b>						
Cash and Cash Equivalents	4	7,478.74	7,478.74	-	-	7,478.74
Bank Balances other than Cash and Cash Equivalents	4A	2,522.02	2,522.02	-	-	2,522.02
Trade Receivables	5	198.33	-	231.02	-	231.02
Loans	6	120,172.39	-	-	120,172.39	120,172.39
Investments	7	1,200.34	1,202.65	-	-	1,202.65
Other Financial Assets	8	1,382.94	-	1,382.94	-	1,382.94
<b>Financial Liabilities</b>						
Payables	13					
(I) Trade Payables		226.60	-	226.60	-	226.60
(II) Other Payables		189.83	-	189.83	-	189.83
Debt Securities	14	65,619.57	53,924.96	11,694.61	-	65,619.57
Borrowings (Other than debt securities)	15	12,480.27	12,480.27	-	-	12,480.27
Deposits	16	8,281.47	-	-	8,281.47	8,281.47
Sub-Ordinated Liabilities	17	31,166.98	-	-	31,166.98	31,166.98
Other Financial Liabilities	18	2,318.66	-	2,318.66	-	2,318.66



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

b.ii. Financial assets and financial liabilities measured at amortised cost as at 31st March 2023 (₹ Lakhs)

Particulars	Notes	Carrying Amount	Fair Value			Total
			Level 1	Level 2	Level 3	
<b>Financial Assets</b>						
Cash and Cash Equivalents	4	3,002.79	3,002.79	-	-	3,002.79
Bank Balances other than Cash and Cash Equivalents	4A	42.91	42.91	-	-	42.91
Trade Receivables	5	244.60	-	295.75	-	295.75
Loans	6	1,14,500.10	-	-	1,14,500.10	1,14,500.10
Investments	7	1,194.69	1,214.31	-	-	1,214.31
Other Financial Assets	8	1,288.55	-	1,288.55	-	1,288.55
<b>Financial Liabilities</b>						
Payables	13					
(I) Trade Payables		156.15	-	156.15	-	156.15
(II) Other Payables		193.26	-	193.26	-	193.26
Debt Securities	14	48,792.43	36,388.08	12,404.35	-	48,792.43
Borrowings (Other than debt securities)	15	14,654.08	14,654.08	-	-	14,654.08
Deposits	16	2,444.17	-	-	2,444.17	2,444.17
Sub-Ordinated Liabilities	17	41,512.40	12,281.44	-	29,230.96	41,512.40
Other Financial Liabilities	18	1,384.96	-	1,009.87	375.09	1,384.96

**c. Financial assets and Financial Liabilities measured at Fair Value through Profit or Loss as at 31st March 2024 and as at 31st March 2023**

The Company did not measure any of its Financial Assets and Financial Liabilities at Fair Value through Profit or Loss.

**Note:**

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

**48. Disclosure pursuant to Ind AS "116" Leases**
**In cases of leases where the Company is a lessee (Operating Lease)**

The Company's lease asset class primarily consist of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities. Certain agreements provide for cancellation by either party or certain agreements contain clause for escalation or renewal of agreements. There were no non-cancellable operating lease agreements as at 31st March 2024 and 31st March 2023. There are no restrictions imposed by lease arrangements. (₹ Lakhs)

Particulars	31st March 2024	31st March 2023
(a) Depreciation charge for Right-of-Use Assets (included in depreciation and amortization expense)	<b>276.33</b>	254.65
(b) Interest expense on Lease Liabilities (included in finance cost)	<b>18.37</b>	20.51
(c) Expense relating to short-term leases and low-value assets (included in other expenses)	<b>34.24</b>	27.32
(d) Expense relating to variable lease payments not included in lease liabilities (included in other expenses)	-	-
(e) Income on remeasurement of lease(s)	-	-
(f) Income from sub-lease right of use assets	<b>29.28</b>	27.89
(g) Gains or Losses from Sale and lease back transactions	-	-
(h) Total cash flow for leases	<b>294.64</b>	266.80
(i) Addition to right of use assets	<b>162.91</b>	220.17

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

<b>Lease liability movement</b>	<b>31st March 2024</b>	<b>31st March 2023</b>
As at 1st April 2023 and 1st April 2022	<b>372.92</b>	386.18
Add : Addition during the year	<b>163.46</b>	222.28
Interest on lease liability	<b>35.29</b>	40.34
Less : Deletions during the year	-	9.08
Lease rental payments	<b>294.64</b>	266.80
As at 31st March 2024 and 31st March 2023	<b>277.03</b>	372.92

  

<b>Maturity Analysis of lease liability</b>	<b>31st March 2024</b>	<b>31st March 2023</b>
Less than 1 year	<b>145.60</b>	241.90
1-3 years	<b>141.44</b>	132.00
3-5 years	<b>32.19</b>	49.49
More than 5 years	-	2.71
Total future undiscounted cash outflow on lease liability	<b>319.23</b>	426.10

The Company does not face a significant liquidity risk with regard to its lease liabilities as the assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

**In cases of leases where the Company is a lessor (Operating Lease)**

The Company has given buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease. Income from operating lease in the statement of profit and loss is ₹ 18.37 lakhs (31st March 2023 ₹ 20.51 lakhs). Agreements provide for cancellation by either party or contain clause for escalation and renewal of agreements. There were no non-cancellable operating lease agreements as at 31st March 2024 and 31st March 2023.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024

### 49. Disclosures under RBI Directions

49.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended. (₹ Lakhs)

Sl No	Particulars	As at 31st March 2024		As at 31st March 2023	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
<b>(1)</b>	<b>Liabilities Side:</b>				
	Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	<b>65,729.95</b>	<b>110.38</b>	48,831.16	38.73
	: Unsecured (Other than falling within the meaning of Public deposit)	-	-	-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	<b>4,884.67</b>	-	2,408.38	-
	(d) Inter-Corporate loans and borrowing	<b>2,332.05</b>	-	287.79	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	<b>8,483.74</b>	<b>202.27</b>	2,702.95	258.78
	(g) Sub-Ordinated Debts	<b>31,775.15</b>	<b>608.17</b>	41,534.17	21.78
	(h) Other Loans - Cash Credit	<b>5,263.55</b>	-	11,957.91	-
<b>(2)</b>	<b>Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):</b>				
	(a) In the form of Unsecured Debentures	<b>12,962.06</b>	-	12,281.44	-
	(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	<b>8,483.74</b>	<b>202.27</b>	2,702.95	258.78
	# Represents unclaimed deposits and interest accrued thereon				
<b>(3)</b>	<b>Assets Side:</b>				
	<b>Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):</b>		<b>Amount outstanding</b>		<b>Amount outstanding</b>
	(a) Secured		-		-
	(b) Unsecured		<b>1,434.59</b>		1,196.34
<b>(4)</b>	<b>Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:</b>				
	(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		<b>1,24,177.53</b>		1,18,441.63
	(b) Repossessed Assets		<b>107.81</b>		54.25
	(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 2024 (CONTD.)**

(₹ Lakhs)

(5) Break-up of Investments:	As at 31st March 2024	As at 31st March 2023
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	<b>163.88</b>	111.47
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	<b>1,200.34</b>	1,194.69
(v) Others	-	-
2. Unquoted :		
(i) Shares : (a) Equity	<b>38.41</b>	38.41
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

<b>(6) Borrower group-wise classification of assets financed as in 3 and 4 above</b>							
		31st March 2024 (Amount net of provisions)			31st March 2023 (Amount net of provisions)		
Category	Secured	Unsecured	Total	Secured	Unsecured	Total	
1. Related parties							
(a) Subsidiaries	-	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-	-
(c) Other related parties	1.05	-	1.05	41.72	30.97	72.69	
2. Other than related parties	1,18,736.75	1,434.59	1,20,171.34	1,13,262.02	1,165.39	1,14,427.41	
<b>Total</b>	<b>1,18,737.80</b>	<b>1,434.59</b>	<b>1,20,172.39</b>	<b>1,13,303.74</b>	<b>1,196.36</b>	<b>1,14,500.10</b>	
<b>(7) Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)</b>							
Category		Market value / Break up or fair value or NAV	Book value (Net of provisions)	Market value / Break up or fair value or NAV	Book value (Net of provisions)		
		31st March 2024		31st March 2023			
1. Related parties							
(a) Subsidiaries		-	-	-	-	-	-
(b) Companies in the same group		199.18	186.68	146.77	146.77		
(c) Other related parties		-	-	-	-	-	-
2. Other than related parties		1,203.45	1,203.39	1,197.82	1,197.74		
<b>Total</b>		<b>1,402.63</b>	<b>1,390.07</b>	<b>1,344.59</b>	<b>1,344.51</b>		
<b>(8) Other information</b>							
Particulars		Amount		Amount			
(i) Gross Non Performing Assets		6,596.04		6,997.89			
(a) Related parties		-		-			
(b) Other than Related parties		6,596.04		6,997.89			
(ii) Net Non Performing Assets		3,206.68		3,420.94			
(a) Related parties		-		-			
(b) Other than Related parties		3,206.68		3,420.94			
(iii) Assets acquired in satisfaction of debt		-		-			

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

49.2 Balance Sheet disclosures as required under Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended (₹ Lakhs)

Sl No	Particulars	31st March 2024	31st March 2023
<b>1</b>	<b>Capital to Risk (Weighted) Assets Ratio</b>		
	CRAR (%)	18.48	19.68
	CRAR - Tier I Capital (%)	14.16	13.99
	CRAR - Tier II Capital (%)	4.32	5.69
	Amount of Sub-Ordinated debt considered as Tier-II capital	2,224.53	4,374.12
	Amount raised by issue of Perpetual Debt Instruments	-	-
<b>2</b>	<b>Investments</b>		
	<b>Value of Investments</b>		
	<b>Gross Value of Investments</b>		
	In India	1,402.63	1,344.57
	Outside India	-	-
	<b>Provisions for Diminution in value of investments</b>		
	In India	12.56	0.06
	Outside India	-	-
	<b>Net Value of Investments</b>		
	In India	1,390.07	1,344.51
	Outside India	-	-
	<b>Movement of provisions held towards diminution in value of investments</b>		
	Opening balance	0.06	0.06
	Add : Provisions made during the year	12.50	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	12.56	0.06
<b>3</b>	<b>Derivatives</b>		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
<b>4</b>	<b>Disclosures relating to Securitisation</b>		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2024														
5	Sl No	Particulars	Note	Upto 0-7 days	Upto 8-14 days	Upto 15-30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
	(i)	Deposits	16 & 18	40.45	60.68	101.13	-	-	-	884.92	4,375.83	3,022.73	-	8,483.74
	(ii)	Advances	6	2,360.81	1,046.56	1,728.01	5,187.50	5,184.95	16,244.81	26,240.17	54,816.13	7,115.82	247.63	1,20,172.39
	(iii)	Investments	7	-	-	-	341.05	-	-	-	150.27	-	898.75	1,390.07
	(iv)	Borrowings		1,464.35	630.63	4,798.59	6,825.32	5,993.21	5,427.63	18,731.04	35,664.32	26,757.86	3,692.43	1,09,985.38
	(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
	(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-
Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2023														
	Sl No	Particulars	Note	Upto 0-7 days	Upto 8-14 days	Upto 15-30 days	Over 1 Month upto 2 Month	Over 2 Months upto 3 Months	Over 3 Months & upto 6 Months	Over 6 Months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
	(i)	Deposits	16 & 18	51.76	77.63	129.39	295.82	149.30	798.18	1,200.87	-	-	-	2,702.95
	(ii)	Advances	6	2,374.36	1,146.46	1,807.44	5,318.02	5,424.35	15,895.67	27,190.46	49,351.90	5,767.95	223.49	1,14,500.10
	(iii)	Investments	7	-	-	-	-	-	217.14	485.62	491.92	-	149.83	1,344.51
	(iv)	Borrowings		43.91	18.15	298.93	4,926.60	2,407.39	10,033.47	27,283.59	46,568.12	13,439.26	-	1,05,019.42
	(v)	Foreign Currency Assets		-	-	-	-	-	-	-	-	-	-	-
	(vi)	Foreign Currency Liabilities		-	-	-	-	-	-	-	-	-	-	-

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Particulars	31st March 2024	31st March 2023															
<b>6</b>	<b>Exposures</b>																	
(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	<b>163.88</b>	111.47															
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	<b>163.88</b>	111.47															
(iii)	Details of financing of parent company products	<b>Nil</b>	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	<b>Nil</b>	Nil															
(v)	Unsecured Advances	<b>1,434.59</b>	1,196.36															
<b>7</b>	<b>Miscellaneous</b>																	
(i)	Registration obtained from other financial sector regulators	<b>NA</b>	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators - Refer Note 58	<b>16.00</b>	0.02															
(iii)	Related Party Transactions - Refer Note 43																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) BBB Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long-Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) BBB Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long-Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : NIL																	
(v)	Remuneration to Directors																	
	Ref. Page No. 40 of Corporate Governance Report 2024																	



**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Particulars	31st March 2024	31st March 2023
(vi)	Management Ref. Management and Discussion and Analysis report on Page No. 29		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
<b>8</b>	<b>Other Disclosures</b>		
(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	1.41	4.75
b	Provision towards NPA	355.40	680.88
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	577.25	486.60
e	Other Provision and Contingencies (with details)	(18.46)	6.67
(ii)	Draw down from Reserves	-	-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits:		
	Total Deposits of twenty largest depositors	556.55	278.26
	Percentage of Deposits of twenty largest depositors to Total Deposits	6.63%	10.29%
b	Concentration of Advances:		
	Total Advances to twenty largest borrowers	2,116.34	1,383.63
	Percentage of Advances to twenty largest borrowers to Total Advances	1.70%	1.17%
c	Concentration of Exposures:		
	Total Exposure to twenty largest borrowers / customers	1,955.08	1,170.97
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	1.57%	0.99%
d	Concentration of NPAs:		
	Total Exposure to top four NPA accounts	94.24	137.13
e	Sector-wise NPAs	<b>% NPAs to Total Advances in that sector</b>	
(i)	Agriculture & allied activities	3.19%	3.43%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	7.05%	6.79%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	4.99%	5.70%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

(₹ Lakhs)

Sl No	Particulars	31st March 2023	31st March 2022
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.62%	2.99%
(ii)	Movement of NPAs (Gross)		
	Opening balance	6,997.89	5,942.21
	Additions during the year	3,067.46	3,468.82
	Reductions during the year	3,469.31	2,413.14
	Closing balance	6,596.04	6,997.89
(iii)	Movement of Net NPAs		
	Opening balance	3,420.94	2,355.20
	Additions during the year	2,540.88	2,822.79
	Reductions during the year	2,755.14	1,757.05
	Closing balance	3,206.68	3,420.94
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,576.95	3,587.01
	Provisions made during the year	526.59	646.04
	Write-off / write-back of excess provisions	714.18	656.10
	Closing balance	3,389.36	3,576.95
(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
<b>9</b>	<b>Disclosure of Complaints</b>		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	49	486
c	No. of complaints redressed during the year	49	486
d	No. of complaints pending at the end of the year	-	-

**49.3 Disclosures as required under Appendix VI-A Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended.**

Public disclosure on Liquidity Risk:

**i. Funding concentration based on significant counterparty (both deposits and Borrowings)**

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings As at 31st March 2024	4	14,814.82	176.56	12.28
2	Borrowings As at 31st March 2023	3	12,939.00	541.65	11.83

**ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits**

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits as at 31st March 2024	556.55	6.63%
2	Total for Top 20 Large Deposits as at 31st March 2023	278.00	11.65%

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings**

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	<b>Total for Top 10 Borrowings as at 31st March 2024</b>	<b>18,568.30</b>	<b>16.81%</b>
2	Total for Top 10 Borrowings as at 31st March 2023	14,715.00	14.93%

**iv. Funding concentration based on significant instrument / products**

Sl No	Name of the Instrument / Products	31st March 2024		31st March 2023	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Redeemable Non-Convertible Debentures - Public Issue	51,699.20	42.84	33,856.00	30.95
2	Sub-Ordinated Debts	13,943.11	11.56	23,397.00	21.39
3	Redeemable Non-Convertible Debentures - Secured Retail	10,737.97	8.90	11,966.00	10.94
4	From Bank: Cash Credit and Demand Loans	5,256.16	4.37	10,738.00	9.82
5	Non-Convertible Debentures - Secured	11,451.79	9.49	12,023.00	10.99
6	Fixed Deposits	8,390.85	6.95	2,389.00	2.18
7	Term Loans - Financial Institutions and Banks	4,901.30	4.06	2,437.00	2.23
8	Redeemable Cumulative Preference Shares	1,770.15	1.47	1,500.00	1.37
9	Term Loans - Corporates	2,320.74	1.92	286.00	0.26
	<b>Total</b>	<b>1,10,471.27</b>	<b>91.56</b>	<b>98,592.00</b>	<b>90.13</b>

**v. Stock Ratios:**
**a. a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2024		31st March 2023	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	-	-	-	-
3	% to Total Liabilities	-	-	-	-
4	% to Total Public Assets	-	-	-	-

**b. Non-Convertible Debentures (with original maturities of less than 1 year) as a % of Total Public Funds, total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2024	31st March 2023
1	Non-Convertible Debentures (on maturities of less than 1 year )	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Assets	-	-

**c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets**

Sl No	Name of the Instrument / Products	31st March 2024	31st March 2023
1	Other Short term Liabilities	20,508.07	11,957.91
2	% to Total Public Funds	20.93%	11.13%
3	% to Total Liabilities	17.00%	10.93%
4	% to Total Assets	14.39%	9.20%

**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,

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

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 Management Committee ("ALM"), 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. ALM provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALM meetings are held as may be required. The minutes of ALM meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

### Definition of terms as used in the table above:

#### a) Significant counter party:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

#### b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product 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")

The Company has implemented the guidelines on Liquidity Risk Management Framework prescribed by the Reserve Bank of India requiring maintenance of Liquidity Coverage Ratio ("LCR"), which aim to ensure that an NBFC maintains an adequate level of unencumbered ("HQLAs") which can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

#### The LCR is computed as per the formula given below:

$LCR = \text{Stock of High-Quality Liquid Assets ("HQLAs")} / \text{Total Net Cash Outflows over the next 30 calendar days}$

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The ALM oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has prudential limits on investments in different instruments to maintain a healthy investment profile. Any potential collateral calls from the same forms a miniscule part of cash outflows. There is no currency mismatch in the LCR. The above is periodically monitored and reviewed by ALM.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

For the year ended 31st March 2024

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 49 (3)

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2023		Jul-Sep 2023		Oct-Dec 2023		Jan-Mar 2024	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
<b>1</b>	<b>High Quality Liquid Assets</b>								
	Total High Quality Liquid Assets (HQLA)	3,204.54	2,965.54	2,287.79	2,048.79	2,646.36	2,466.99	5,659.52	5,519.21
	<b>Cash Outflows:</b>								
2	Deposits (for deposit taking companies)	324.81	373.54	429.07	493.43	438.02	503.72	252.26	290.10
3	Unsecured wholesale funding	16.86	19.39	16.86	19.39	1,217.69	1,400.34	2,799.74	3,219.70
4	Secured wholesale funding	2,259.88	2,598.87	3,161.35	3,635.56	1,018.27	1,171.01	979.32	1,126.22
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	1,054.10	1,212.21	948.86	1,091.19	1,056.96	1,215.50	1,633.73	1,878.79
6	Other contractual funding obligations	-	-	-	-	-	-	389.68	448.14
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>8</b>	<b>TOTAL CASH OUTFLOWS</b>	<b>3,655.65</b>	<b>4,204.01</b>	<b>4,556.14</b>	<b>5,239.57</b>	<b>3,730.94</b>	<b>4,290.58</b>	<b>6,054.73</b>	<b>6,962.95</b>
	<b>Cash Inflows:</b>								
9	Secured Lending	5,258.06	3,943.55	5,733.53	4,300.15	6,640.27	4,980.20	6,397.39	4,798.05
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	3,054.83	2,291.12	4,322.52	3,241.89	627.21	470.41	13.80	10.35
<b>12</b>	<b>TOTAL CASH INFLOWS</b>	<b>8,312.89</b>	<b>6,234.67</b>	<b>10,056.05</b>	<b>7,542.04</b>	<b>7,267.48</b>	<b>5,450.61</b>	<b>6,411.19</b>	<b>4,808.40</b>
<b>13</b>	<b>TOTAL HQLA</b>		<b>2,965.54</b>		<b>2,048.79</b>		<b>2,466.99</b>		<b>5,519.21</b>
<b>14</b>	<b>TOTAL NET CASH OUTFLOWS</b>		<b>1,051.00</b>		<b>1,309.89</b>		<b>1,072.65</b>		<b>2,154.55</b>
<b>15</b>	<b>LIQUIDITY COVERAGE RATIO (%)</b>		<b>282.16%</b>		<b>156.41%</b>		<b>229.99%</b>		<b>256.17%</b>
	<b>Components of HQLA</b>								
	- Cash on Hand		210.04		186.68		188.74		204.07
	- Balances with Banks		1,799.50		906.11		1,560.76		4,753.90
	- Government Securities		1,195.00		1,195.00		896.86		701.55
	- Commercial Paper		-		-		-		-
	<b>TOTAL</b>		<b>3,204.54</b>		<b>2,287.79</b>		<b>2,646.36</b>		<b>5,659.52</b>

\*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023 (CONTD.)

For the year ended 31st March 2023

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 49 (3)

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2022		Jul - Sep 2022		Oct-Dec 2022		Jan - Mar 2023	
		Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)	Unweighted Value* (Average)	Weighted Value # (Average)
1	<b>High Quality Liquid Assets</b>								
	Total High Quality Liquid Assets (HQLA)	2,932.38	2,511.58	2,978.02	2,599.95	1,963.05	1,652.24	1,659.28	1,420.28
	<b>Cash Outflows:</b>								
2	Deposits (for deposit taking companies)	809.97	931.47	914.72	1,051.92	776.15	892.57	502.84	578.27
3	Unsecured wholesale funding	19.42	22.33	18.67	21.47	17.92	20.61	17.69	20.34
4	Secured wholesale funding	2,250.11	2,587.62	816.89	939.43	681.17	783.35	446.88	513.91
5	Additional requirements, of which								
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	849.26	976.65	539.55	620.48	745.75	857.61	701.69	806.95
6	Other contractual funding obligations	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-
8	<b>TOTAL CASH OUTFLOWS</b>	3,928.76	4,518.07	2,289.83	2,633.30	2,220.99	2,554.14	1,669.10	1,919.47
	<b>Cash Inflows:</b>								
9	Secured Lending	5,311.38	3,983.54	5,430.92	4,073.19	6,274.97	4,706.23	6,128.85	4,596.64
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11	Other cash inflows	1,376.66	1,032.50	749.95	562.47	10.57	7.93	9.01	6.76
12	<b>TOTAL CASH INFLOWS</b>	6,688.04	5,016.04	6,180.87	4,635.66	6,285.54	4,714.16	6,137.86	4,603.40
13	<b>TOTAL HQLA</b>		2,511.58		2,599.95		1,652.24		1,420.28
14	<b>TOTAL NET CASH OUTFLOWS</b>		1,129.52		658.33		638.53		479.87
15	<b>LIQUIDITY COVERAGE RATIO (%)</b>		222.36%		394.93%		258.76%		295.97%
	<b>Components of HQLA</b>								
	- Cash on Hand		262.93		286.59		263.85		234.17
	- Balances with Banks		565.45		801.09		145.15		230.11
	- Government Securities		2,104.00		1,890.33		1,554.05		1,195.00
	- Commercial Paper		-		-		-		-
	<b>TOTAL</b>		2,932.38		2,978.01		1,963.05		1,659.28

\*Unweighted values are being calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).

#Weighted values are being calculated after the application of respective haircuts (for HQLA) and stress factors on inflow and outflow.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024**

49.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure is as follows: (₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year ended 30th September 2023	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year ended 31st March 2024
Personal Loans	88.80	21.88	-	54.01	12.91
Corporate Loans	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
<b>Total</b>	<b>88.80</b>	<b>21.88</b>	<b>-</b>	<b>54.01</b>	<b>12.91</b>

49.5 Disclosure as required under Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended:

A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109

For the year ended 31st March 2024

(₹ 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)
<b>Performing Assets</b>						
Standard	Stage 1	1,04,132.22	438.98	1,03,693.24	520.66	(81.68)
	Stage 2	14,991.67	1,168.27	13,823.40	74.96	1,093.31
<b>Sub-Total</b>		<b>1,19,123.89</b>	<b>1,607.25</b>	<b>1,17,516.64</b>	<b>595.62</b>	<b>1,011.63</b>
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	3,276.88	997.61	2,279.27	326.08	671.53
Doubtful - up to 1 year	Stage 3	473.56	209.63	263.93	229.36	(19.73)
1 to 3 years	Stage 3	179.68	97.53	82.15	169.13	(71.60)
More than 3 years	Stage 3	74.11	43.71	30.40	72.99	(29.28)
<b>Sub-Total for doubtful assets</b>		<b>727.35</b>	<b>350.87</b>	<b>376.48</b>	<b>471.48</b>	<b>(120.61)</b>
Loss	Stage 3	2,591.82	2,591.82	-	2,591.82	-
<b>Sub-Total for NPA</b>		<b>6,596.05</b>	<b>3,940.30</b>	<b>2,655.75</b>	<b>3,389.38</b>	<b>550.92</b>
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		-	-	-	-	-
<b>Sub-Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	Stage 1	<b>1,04,132.22</b>	<b>438.98</b>	<b>1,03,693.24</b>	<b>520.66</b>	<b>(81.68)</b>
	Stage 2	<b>14,991.67</b>	<b>1,168.27</b>	<b>13,823.40</b>	<b>74.96</b>	<b>1,093.31</b>
	Stage 3	<b>6,596.05</b>	<b>3,940.30</b>	<b>2,655.75</b>	<b>3,389.38</b>	<b>550.92</b>
	<b>Total</b>	<b>1,25,719.94</b>	<b>5,547.55</b>	<b>1,20,172.39</b>	<b>3,985.00</b>	<b>1,562.55</b>

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

Note : In terms of the requirement as per Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning), as at 31st March 2024 and accordingly, no amount is required to be transferred to impairment reserve.

(₹ Lakhs)

### For the year ended 31st March 2023

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets Standard</b>	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
<b>Sub-Total</b>		1,12,694.35	1,316.46	1,11,377.89	563.47	752.99
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	3,591.33	884.65	2,706.68	393.71	490.94
Doubtful - up to 1 year	Stage 3	618.55	272.28	346.27	428.84	(156.56)
1 to 3 years	Stage 3	98.69	40.07	58.62	72.40	(32.33)
More than 3 years	Stage 3	16.19	5.55	10.64	8.86	(3.31)
<b>Sub-Total for doubtful assets</b>		733.43	317.90	415.53	510.10	(192.20)
Loss	Stage 3	2,673.13	2,673.13	-	2,673.13	-
<b>Sub-Total for NPA</b>		6,997.89	3,875.68	3,122.21	3,576.94	298.74
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	-	-	-	-	-	-
<b>Sub-Total</b>		-	-	-	-	-
<b>Total</b>	Stage 1	97,578.13	167.16	97,410.97	487.89	(320.73)
	Stage 2	15,116.22	1,149.30	13,966.92	75.58	1,073.72
	Stage 3	6,997.89	3,875.68	3,122.21	3,576.94	298.74
	<b>Total</b>	1,19,692.24	5,192.14	1,14,500.10	4,140.41	1,051.73

Note : In terms of the requirement as per Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The impairment allowances under Ind AS 109 made by the corporation exceeds the total provision required under IRACP (including standard asset provisioning), as at 31st March 2023 and accordingly, no amount is required to be transferred to impairment reserve.

**49.6** In terms of RBI Circular RBI/2021-22/125 DOR/STR/REC.68/21.04.048/2021-22 dated 12 November 2021, on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications", the Company has revised its process of NPA classification by flagging of the borrower accounts as overdue as part of the day-end process for the due date.

**49.7** Disclosure pursuant to Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended is given below:

Particulars	31st March 2024		31st March 2023	
	Sanctioned during the year	Outstanding balance	Sanctioned during the year	Outstanding balance
Directors and their relatives	-	-	-	-
Entities associated with directors and their relatives	500.00	-	350.00	72.69
Senior Officers and their relatives	-	-	2.00	6.38



## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

49.8 Disclosures as required by Master Direction-Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 (No. RBI/DOR/2023-24/106 DOR.FIN.REC.No.45/03.10.119/2023-24 dated 19th October 2023, as amended:

### 1) Compliance with Scale Based Regulations ("SBR")

The SBR was notified by the Reserve Bank of India ("RBI") effective 1st October 2022. The RBI has classified the Company as NBFC in Middle Layer ("ML"). We have ensured full compliance with various requirements prescribed under SBR for NBFC-ML within the specified timelines including adopting policy for enhanced regulatory framework, Policy on Internal Capital Adequacy Assessment Process ("ICAAP"), complying with exposure norms, setting limits for sensitive sector exposure etc.

### 2) Exposure to real estate sector

(₹ Lakhs)

Particulars	31st March 2024	31st March 2023
<b>i) Direct exposure</b>		
a) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	-	-
b) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	-	-
c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures:		
i. Residential	-	-
ii. Commercial Real Estate	-	-
<b>ii) Indirect Exposure</b>		
Fund based and non-fund-based exposures on National Housing Bank and Housing Finance Companies	-	-
<b>Total Exposure to Real Estate Sector</b>	<b>-</b>	<b>-</b>

### 3) Exposures to capital market

(₹ Lakhs)

Particulars	31st March 2024	31st March 2023
i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	<b>163.88</b>	111.47
ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	-	-
v) Secured and unsecured advances to stock brokers and guarantees issued on behalf of stock-brokers and market makers	-	-
vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
vii) Bridge loans to companies against expected equity flows / issues	-	-
viii) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	-	-
ix) Financing to stockbrokers for margin trading	-	-
x) All exposures to Alternative Investment Funds:		
(i) Category I	-	-
(ii) Category II	-	-
(iii) Category III	-	-
<b>Total exposure to capital market</b>	<b>163.88</b>	<b>111.47</b>

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**4) Sectoral exposures**

(₹ Lakhs)

Sectors	31st March 2024			31st March 2023		
	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector	Total Exposure (includes on balance sheet and off-balance sheet exposure)	Gross NPAs	Percentage of Gross NPAs to total exposure in that sector
1. Agriculture and Allied Activities	3,338.71	106.66	3.19%	3,136.00	107.45	3.43%
2. Industry	-	-	-	-	-	-
3. Services	-	-	-	-	-	-
i. Transport Operators	1,03,960.36	5,189.99	4.99%	94,265.86	5,377.30	5.70%
ii. Others	-	-	-	-	-	-
<b>Total of Services (i+ii)</b>	<b>1,03,960.36</b>	<b>5,189.99</b>	<b>4.99%</b>	<b>94,265.86</b>	<b>5,377.30</b>	<b>5.70%</b>
4. Personal Loans	-	-	-	-	-	-
5. Others	18,420.86	1,299.39	7.05%	22,290.37	1,513.14	6.79%

**5) Intra-group exposures**

Particulars	31st March 2024	31st March 2023
i) Total amount of intra-group exposures	1,687.73	1,719.46
ii) Total amount of top 20 intra-group exposures	1,687.73	1,719.46
iii) Percentage of intra-group exposures to total exposure of the NBFC on borrowers/customers	1.34%	1.44%

**6) Unhedged foreign currency exposures**

Particulars	31st March 2024	31st March 2023
Details of Unhedged Foreign Currency Exposures	Nil	Nil
Policies to manage currency induced risk	Nil	Nil

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

**7) Related Party Disclosures**

(₹ Lakhs)

Related Party Items	Parent (as per ownership or control)		Promoter Group		Key Management Personnel		Directors		Relatives of Key Management Personnel		Others		Total	
	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023	31st March 2024	31st March 2023
<b>Balance Outstanding at the end of the year</b>														
Borrowings	-	-	437.48	571.25	-	-	-	-	1,163.00	1,035.00	-	-	1,600.48	1,606.25
Deposits	-	-	-	-	-	-	-	-	5.00	-	-	-	5.00	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,529.28	1,588.84	-	6.38	-	-	-	-	877.37	902.90	2,406.65	2,498.12
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed/other assets	-	-	-	-	-	-	-	-	-	-	5.55	-	5.55	-
Sale of fixed/other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Maximum Outstanding during the year</b>														
Borrowings	-	-	437.48	563.25	-	-	-	-	1,014.00	875.00	-	-	1,451.48	1,438.25
Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Placement of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances	-	-	1,500.00	1,500.00	-	-	-	-	-	-	850.00	850.00	2,350.00	2,350.00
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Others</b>														
Loans and advances given (Asset)	-	-	500.00	350.00	-	-	-	-	-	-	-	-	500.00	350.00
Advance for Property, Plant and Equipment (Asset)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans and advances repaid (Asset)	-	-	500.00	350.00	-	-	-	-	-	-	-	-	500.00	350.00
Investment in NCD (Liability)	-	-	-	197.10	-	-	-	-	524.00	600.00	-	-	524.00	797.10
Investment in Preference Shares (Liability)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Paid	-	-	-	-	-	-	123.33	117.53	-	-	-	-	123.33	117.53
Resource Mobilisation Charges	-	-	685.50	272.12	-	-	-	-	-	-	-	-	685.50	272.12

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**
**8) Disclosure of Complaints**

S. No	Particulars	31st March 2024	31st March 2023
	<b>Complaints received by the NBFC from its customers</b>		
1	Number of complaints pending at beginning of the year	-	-
2	Number of complaints received during the year	49	486
3	Number of complaints disposed during the year	49	486
3.1	Of which, number of complaints rejected by the NBFC	-	-
4	Number of complaints pending at the end of the year	-	-
	<b>Maintainable complaints received by the NBFC from Office of Ombudsman</b>		
5	Number of maintainable complaints received by the NBFC from Office of Ombudsman	-	-
5.1.	Of 5, number of complaints resolved in favour of the NBFC by Office of Ombudsman	-	-
5.2	Of 5, number of complaints resolved through conciliation / mediation / advisories issued by Office of Ombudsman	-	-
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

**9) Top five grounds of complaints received from customers**

Grounds of complaints, (i.e. complaints relating to) (1)	Number of complaints pending at the beginning of the year (2)	Number of complaints received during the year (3)	% increase/ decrease in the number of complaints received over the previous year (4)	Number of complaints pending at the end of the year (5)	Of 5, number of complaints pending beyond 30 days (6)
<b>31st March 2024</b>					
Ground - 1 - NOC Related	-	8	(95.92%)	-	-
Ground - 2 - Statement of Account (SOA) Related	-	-	(100.00%)	-	-
Ground - 3 - Process Related	-	4	(92.98%)	-	-
Ground - 4 - Settlement Related	-	23	(50.00%)	-	-
Ground - 5 - AHC Related	-	3	(92.31%)	-	-
Ground - 6 Resources	-	9	NA	-	-
Others	-	2	(97.37%)	-	-
Total	-	49	(89.92%)	-	-
<b>31st March 2023</b>					
Ground - 1 - NOC Related	-	196	NA	-	-
Ground - 2 - Statement of Account (SOA) Related	-	72	NA	-	-
Ground - 3 - Process Related	-	57	NA	-	-
Ground - 4 - Settlement Related	-	46	NA	-	-
Ground - 5 - AHC Related	-	39	NA	-	-
Others	-	76	NA	-	-
Total	-	486	NA	-	-

**Note :**

**Customer Complaints :** The Company has been maintaining the details for the Customer Complaints from October 2021. Accordingly, the percentage for the figures (2023 vs 2022) are not strictly comparable and therefore percentage (%) increase / (decrease) in the number of Complaints for 31st March 2023 is mentioned as "NA".

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### 10) Breach of covenant

There were no instances of default or breaches of covenant in respect of loan availed or debt securities issued during the financial years ended 31st March 2024 and 31st March 2023

### 11) Divergence in Asset Classification and Provisioning

- a) The additional provisioning requirements assessed by RBI (or National Housing Bank(NHB) in the case of Housing Finance Companies) exceeds 5 % of the reported profits before tax and impairment loss on financial instruments for the reference period. Not applicable
- b) The additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period. (₹ Lakhs)

S.No	Particulars	Amount
1	Gross NPAs as on 31st March 2023* as reported by the NBFC	RBI has Conducted inspection on the Company with reference to year ended 31st March 2023. However the Company had not received any audit observations from RBI upto date of this report and hence the information pertaining to the same is not furnished.
2	Gross NPAs as on 31st March 2023 as assessed by the Reserve Bank of India/ NHB	
3	Divergence in Gross NPAs (2-1)	
4	Net NPAs as on 31st March 2023 as reported by the NBFC	
5	Net NPAs as on 31st March 2023 as assessed by Reserve Bank of India/ NHB	
6	Divergence in Net NPAs (5-4)	
7	Provisions for NPAs as on 31st March 2023 as reported by the NBFC	
8	Provisions for NPAs as on 31st March 2023 as assessed by Reserve Bank of India/ NHB	
9	Divergence in provisioning (8-7)	
10	Reported Profit before tax and impairment loss on financial instruments for the year ended 31st March 2023	
11	Reported Net Profit after Tax (PAT) for the year ended 31st March 2023	
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31st March 2023 after considering the divergence in provisioning	

The additional Gross NPAs identified by RBI/NHB exceeds 5 per cent of the reported Gross NPAs for the reference period. (₹ Lakhs)

S.No	Particulars	Amount
1	Gross NPAs as on 31st March 2022* as reported by the NBFC	5,942.21
2	Gross NPAs as on 31st March 2022 as assessed by the Reserve Bank of India/ NHB	6,643.10
3	Divergence in Gross NPAs (2-1)	700.89
4	Net NPAs as on 31st March 2022 as reported by the NBFC	2,005.26
5	Net NPAs as on 31st March 2022 as assessed by Reserve Bank of India/ NHB	2,552.15
6	Divergence in Net NPAs (5-4)	546.89
7	Provisions for NPAs as on 31st March 2022 as reported by the NBFC	3,936.95
8	Provisions for NPAs as on 31st March 2022 as assessed by Reserve Bank of India/ NHB	4,090.95
9	Divergence in provisioning (8-7)	154.00
10	Reported Profit before tax and impairment loss on financial instruments for the year ended 31st March 2022	2,326.41
11	Reported Net Profit after Tax (PAT) for the year ended 31st March 2022	951.88
12	Adjusted (notional) Net Profit after Tax (PAT) for the year ended 31st March 2022 after considering the divergence in provisioning (Refer note below)	951.88

\* 31st March 2022 is the close of the reference period in respect of which divergences were assessed.

**Note :** The adjusted notional net profit for the year ended 31st March 2022 is disclosed as the same as reported Net Profit After Tax despite the divergence in provisioning (as per IRACP) amounting to ₹ 154.00 Lakhs. This is in view of the fact that the Company as on 31st March 2022 is holding ₹ 488.72 Lakhs excess provision in Expected Credit Loss ("ECL") as per IND AS 109 compared to provisioning as per IRACP norms.

## NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)

### 50. Disclosure under clause 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	31st March 2024	31st March 2023
<b>a) Loans and advances in the nature of loans to subsidiaries</b>	-	-
Name of the Company		
Amount		
<b>b) Loans and advances in the nature of loans to associates</b>	-	-
Name of the Company		
Amount		
<b>c) Loans and advances in the nature of loans to firms/companies in which directors are interested</b>	-	-
ABT Industries Limited	-	30.97
Sakthi Foundation	<b>1.05</b>	37.13
Suddha Sanmarga Nilayam	-	4.59
<b>d) Investments by the loanee in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.</b>	-	-

### 51. Disclosure under clause 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Debentures are secured by way of a first and *pari passu* charge in favour of the Debenture Trustee, Catalyst Trusteeship Limited at 'GDA House', First Floor, Plot No.85, Bhusari Colony (Right), Paud Road, Pune.

### 52. There are no items of income and expenditure of exceptional nature for the financial year ended 31st March 2024 and 31st March 2023.

### 53. Disclosure under Code on Social Security, 2020

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

### 54. The Company does not fall under the definition of large corporate as per SEBI Master Circular No. SEBI/HO/DDHS/PoD1/CIR/2023-24 dated 22nd May 2024 and as such furnishing of necessary disclosures do not arise.

### 55. There were no whistle blower complaints received by the Company during the financial year ended March 31, 2024 and March 31, 2023. (Refer Note 21 of Board's Report and Refer Note 26(c) of Corporate Governance Report).

### 56. The Company has maintained proper books of accounts in electronic mode in servers physically located in India and further the Company has complied with the process of taking daily back-up of books of accounts as per Notification No. G.S.R. 624(E) dated 5th August 2023 issued by Ministry of Corporate Affairs.

### 57. There have been no events after the reporting date that require disclosure in these financial statements. The Board of Directors of the Company have recommended a dividend of 8% being ₹ 0.80 per share on the equity shares of the Company, for the year ended 31st March 2024 (₹ 0.70 per share - 31st March 2023) which is subject to approval of shareholders. Consequently, the proposed dividend has not been recognised as a liability in the books in accordance with IND AS 10.

### 58. Disclosure of penalties imposed by RBI and other regulators

During the year ended 31st March 2024, Reserve Bank of India (RBI) has imposed a monetary penalty of ₹ 6.00 lakhs on account of instances of non-compliance with the KYC-RBI-Master Directions - Know Your Customer Directions 2016, as amended for failure to Categorize customers as low, medium and high risk categories and to carry out periodic updation of KYC for high risk customers for the financial year 2021-22. The Company has paid the penalty amount of ₹ 6.00 lakhs to Reserve Bank of India on 29th January 2024.

### 59. No fraud by the Company or on the Company has been noticed or reported in relation to the Financial Year 2023-24 and 2022-23.

**NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2024 (CONTD.)**

60. The Company has used the borrowings from banks, financial institutions and Debts securities for the specific purpose for which it was taken as at 31st March 2024 and 31st March 2023.
61. The Company has not raised any funds from green deposits during the financial years ended 31st March 2024 and 31st March 2023.
62. The Company has not sponsored any off-balance sheet SPV, which are required to be consolidated as per accounting norms.
63. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation. There are no significant regroupings / reclassifications for the year under report.

As per our report attached  
For **CSK Prabhu & Co.,**  
Chartered Accountants  
Firm Regn. No. : 0024855

**CSK PRABHU**  
Partner  
Membership No. 019811  
Coimbatore  
25th May 2024

**M. BALASUBRAMANIAM**  
Vice Chairman and Managing Director  
DIN : 00377053

**C.SUBRAMANIAM**  
Company Secretary  
Membership No. FCS 6971

For and on behalf of the Board  
**M. MANICKAM**  
Chairman  
DIN : 00102233

**SRINIVASAN ANAND**  
Chief Financial Officer  
Membership No.020694

**BRANCH NETWORK**

Branch Offices		Address	Fax		Phones	
<b>TAMILNADU</b>						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	111-114, First Floor, Banyan Tree Complex, Nanjundapuram Road, Ramanathapuram			0422	2317900
Ariyalur	621 704	TMS Complex, No.2305-9, First Floor, Jeyankondam Road, Valajanagaram Post			04329	229747
Chennai-1	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	45487278
Dharmapuri	636 701	No.177/11Q , First Floor, Nethaji Bye-pass Road, Opp. Govt. Medical College Hospital			04342	270888
Dindigul	624 001	No.67/3, Nehruji Nagar, 80 Feet Road, Opp: IOB ATM			0451	4059576
Erode	638 003	Sakthi Sugars Building, No. 122, Veerabadra Road			0424	4060522
Hosur	635 109	Sri Krishna Towers, First Floor, Krishnagiri Bye Pass Road			04344	241142
Kallakurichi	606 202	59/5, Gopuram Towers, Second Floor, Durgam Road			04151	463740
Kanchipuram	631 501	14/69, Opp. Santhana Krishna Silk Street, Ground Floor, Mettu Street			044	45487279
Karaikudi	630 002	45, First Floor, Subramaniapuram, 4th Street South			04565	227204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E, Second Floor, Dr. Besant Road			0435	4059493
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Madhavaram	600 099	No. 15, Anthony Nagar, 200 Ft Jawaharlal Nehru Road, Kolathur			044	45488201
Mettpalayam	641 301	Sundaram Type Office Complex, No. 41/1-A Annur Main Road			04254	224686
Nagercoil	629 001	No. 93/1A, Sarguna Veethi, Chettikulam Junction			04652	222008
Namakkal	637 001	3-A, Annai Palaniammal Plaza, First Floor, Salem Main 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, Omalaur Main Road, Kurangu Chavadi			0427	4517182
Sankagiri	637 301	No.1/14/18. D6 F, Settia Gounder Complex-C, Bhavani Main Road			04283	240270
Sivakasi	626 123	100/A4, First Floor, Marutham Hotel Upstairs, Opp. Bell Hotel, Thiruthangal Road			04562	227226
Srirangam	620 006	AMP Towers, 2371/6 Panjakarai Road, Near Srees Hotel			0431	2231181
Thambaram (Chennai-2)	600 059	No.347, Second Floor, Old GST Road, Irumbuliyur, East Thambaram			044	42066254
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, Palayamkottai (PO)			0462	4809122
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Banglow Stop			0421	4269037
Trichy	620 017	19/1, Second Floor, Kingston Park, Puthur High Road, Ramalinga Nagar			0431	4513460
Tuticorin	628 003	Mangal Mall, 4/B/A. 39 Main Nagar, Palayamkottai Road			0461	4051751
Vellore	632 006	No. 97, Second Floor, First West Main Road, Gandhi Nagar			0416	2243653
<b>Puducherry</b>	605 011	No. 94, Kamaraj Salai, Opp. Jeeva Rukmani Theatre			0413	2213786
<b>KERALA</b>						
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
Kattappana	685 508	First Floor, XVII – 221/B2, Cheruthenkal Building, Near New Bus Stand			04868	250065
Kottayam	686 001	No.1x572/E, Madappalli Building, First Floor, 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, First Floor, 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, 10(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.20/59 A-11, Building No. 20/69, Second Floor, Sri Gokulam Towers, Link Road			0496	2515632
<b>KARNATAKA</b>						
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 Bye-pass Road			0824	2434811
<b>MAHARASHTRA</b>						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
<b>ANDHRA PRADESH</b>						
Rajahmundry	533 103	79-16-12/2, Third Floor, E & S Reddy Complex, Tilak Road, Opp: Saibaba Temple			088	34079023
Vijayawada	520 008	No.54-20/12 C, Main Road, Opp. Anjaneya Restaurant, Gurunanak Colony			0866	4525636
Visakhapatnam	530 016	No.47-3-7, Roshni Palace, 1st Floor, G-4, Nehru Bazar Road, 5th Lane, Dwarakanagar			0891	4604095
<b>NEW DELHI</b>	110 057	No.149, Vasant Enclave			011	26141165











