

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,

OUTCOME OF THE BOARD MEETING HELD ON 11TH FEBRUARY 2023 – COMPLIANCE UNDER REGULATION 30, 33, 51, 52 AND 54 OF THE LISTING REGULATIONS

We request you to refer our Letter No SFL:BSEBM:188:2022-2023 dated 3rd February 2023 intimating you of convening of Board Meeting on **Saturday, 11th February 2023** for considering Unaudited Financial Results for the quarter and nine months ended 31st December 2022.

In this regard, we wish to inform you that the Board of Directors of the Company have, at their meeting held today, approved the following items:

1. UNAUDITED FINANCIAL RESULTS

| Sl No | Particulars | Annexure |
|-------|---|----------|
| 1 | We enclose a copy of the Unaudited Financial Results for the quarter and nine months ended 31st December 2022. | A |
| 2 | A copy of Limited Review Report given by our Statutory Auditors, M/s C S K Prabhu & Co, (ICAI Regn No: 002485S), Chartered Accountants on the Unaudited Financial Results for the quarter and nine months ended 31st December 2022. | B |
| 3 | The extract of results in the prescribed format under Listing Regulations will be published within the stipulated time in the manner laid down under Regulation 47 and 52 of the Listing Regulations in English and Tamil newspapers. The Unaudited Financial Results would also be made available on the website of the Company, www.sakthifinance.com as well as on the website of the BSE Limited, www.bseindia.com . | C |
| 4 | Disclosures in accordance with Regulation 52(4) of the Listing Regulations for the quarter and nine months ended 31st December 2022 | D |
| 5 | A Security Cover Certificate from the Statutory Auditors, M/s C S K Prabhu & Co, Chartered Accountants as required under Regulation 54(3) read with Regulation 56(1)(d) of the Listing Regulations for the Secured, Listed NCDs. | E |





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2. REDEMPTION OF NON-CONVERTIBLE DEBENTURES ("NCDs")

- a. Redemption of Non-Convertible Debentures ("NCDs") of face value of ₹ 1,000 each issued and allotted on 15th May 2019 under various Options VI, VII and VIII to the NCD holders, pursuant to the NCD Public Issue Prospectus dated 28th March 2019, on 15th May 2023. The details of NCD redemption is given below.

| Option | ISIN | Scrip Code | Interest Payment Frequency | Redemption remarks | Amount (Principal) (₹ lakhs) |
|--------------|--------------|------------|----------------------------|--|------------------------------|
| VI | INE302E07227 | 936684 | Monthly | 100% of the principal amount (plus interest for the month of May 2023 (up to 14th May 2023) to be paid along with the redemption proceeds as per the terms and conditions of the Prospectus dated 28th March 2019 | 1,909.01 |
| VII | INE302E07235 | 936686 | Annual | 100% of the principal plus accrued interest up to 14th May 2023 (i.e., from 1st April 2023 to 14th May 2023 will be paid along with redemption proceeds as per the terms and conditions of the Prospectus dated 28th March 2019) | 292.14 |
| VIII | INE302E07243 | 936688 | Cumulative | 100% of the principal amount plus accrued interest up to 14th May 2023 (i.e. for 4 years will be paid along with redemption proceeds as per the terms and conditions of the Prospectus dated 28th March 2019) | 1,541.34 |
| Total | | | | | 3,742.49 |



Sakthi Finance Limited

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

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



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- b. As per the terms and conditions of the Prospectus dated 28 March 2019, the record date shall be fifteen days prior to the redemption date. Accordingly, the Company has fixed, **Friday, 28th April 2023**, as the record date for the purpose of determining the Debenture holders who are eligible to receive the redemption proceeds along with interest.
- c. As per the terms and conditions of the NCD Prospectus dated 28th March 2019, the repayment of maturity amount to debentures holders will be made on **Monday, 15th May 2023**.

This is an intimation / disclosure under Regulations 30, 33, 51, 52 and 54 and other applicable regulations of the Listing Regulations.

The Board Meeting commenced at 4.30 p.m and concluded at 6.40 p.m.

We request you to take the above documents / information on record.



Yours faithfully
For Sakthi Finance Limited


S. Venkatesh

Company Secretary and
Chief Compliance Officer
FCS 7012



Encl: (5)

Statement of Unaudited Financial Results for the Quarter and nine months ended 31st December 2022

(₹ lakhs)

| Sl No | Particulars | Quarter Ended | | | Nine months Ended | | Year Ended |
|-------|---|-----------------|-----------------|-----------------|-------------------|------------------|------------------|
| | | 31.12.2022 | 30.09.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 | 31.03.2022 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Revenue from Operations | | | | | | |
| | Interest Income | 4,744.99 | 4,535.71 | 4,510.12 | 13,748.03 | 13,136.18 | 17,566.97 |
| | Rental Income | 7.73 | 7.74 | 7.40 | 23.20 | 22.21 | 29.62 |
| | Fees and Commission | 115.16 | 114.75 | 103.77 | 326.58 | 203.58 | 321.49 |
| | Bad debts recovery | 8.74 | 16.49 | 4.97 | 37.09 | 16.24 | 37.75 |
| | Sale of power from Windmills | 18.90 | 69.64 | 21.87 | 145.10 | 150.33 | 177.88 |
| | Total revenue from operations | 4,895.52 | 4,744.33 | 4,648.13 | 14,280.00 | 13,528.54 | 18,133.71 |
| 2 | Other Income | | | | | | |
| | Miscellaneous income | 2.39 | 0.01 | 0.07 | 2.62 | 0.10 | 1.40 |
| 3 | Total Income | 4,897.91 | 4,744.34 | 4,648.20 | 14,282.62 | 13,528.64 | 18,135.11 |
| | Expenses | | | | | | |
| | a. Finance Costs | 2,756.24 | 2,711.67 | 2,757.15 | 8,212.43 | 8,078.88 | 10,775.85 |
| | b. Fees and commission expenses | 25.34 | 29.08 | 44.69 | 81.07 | 144.89 | 183.02 |
| 4 | c. Impairment on Financial Instruments | 269.24 | 271.70 | 243.87 | 755.15 | 801.54 | 1,034.37 |
| | d. Employee benefits expenses | 895.79 | 772.06 | 823.46 | 2,437.62 | 2,150.72 | 2,895.60 |
| | e. Depreciation, amortisation and impairment | 138.41 | 135.96 | 121.83 | 407.38 | 362.29 | 491.07 |
| | f. Other Administrative Expenses | 430.07 | 373.43 | 410.40 | 1,197.70 | 1,039.96 | 1,463.16 |
| | Total Expenses | 4,515.09 | 4,293.90 | 4,401.40 | 13,091.35 | 12,578.28 | 16,843.07 |
| 5 | Profit before Exceptional items and Tax (3-4) | 382.82 | 450.44 | 246.80 | 1,191.27 | 950.36 | 1,292.04 |
| 6 | Exceptional items | - | - | - | - | - | - |
| 7 | Profit before tax (5-6) | 382.82 | 450.44 | 246.80 | 1,191.27 | 950.36 | 1,292.04 |
| | Tax expense: | | | | | | |
| 8 | a Current Tax | 144.79 | 192.44 | 138.69 | 502.31 | 473.43 | 601.09 |
| | b Deferred Tax | (77.82) | (70.78) | (58.82) | (215.10) | (215.19) | (260.93) |
| 9 | Profit after Tax for the period from continuing operations (7-8) | 315.85 | 328.78 | 166.93 | 904.06 | 692.12 | 951.88 |
| 10 | Other Comprehensive Income: | | | | | | |
| | (i) Items that will not be reclassified to profit or loss : | | | | | | |
| | a) Fair value changes in Equity instruments | 21.28 | 36.49 | 0.11 | 71.15 | 32.12 | 22.78 |
| | b) Remeasurement Gain / (Loss) in defined benefit obligations | 1.84 | 0.92 | (1.95) | 2.76 | (5.85) | 13.95 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | (5.82) | (12.78) | 0.49 | (18.60) | 1.47 | (3.51) |
| 11 | Other Comprehensive Income | 17.30 | 24.63 | (1.35) | 55.31 | 27.74 | 33.22 |
| 12 | Total Comprehensive Income for the period (9+11) | 333.15 | 353.41 | 165.58 | 959.37 | 719.86 | 985.10 |
| | Earnings per equity share (Face Value : ₹ 10 each) : (Not Annualised) | | | | | | |
| 13 | - Basic (₹) | 0.51 | 0.55 | 0.26 | 1.48 | 1.11 | 1.52 |
| | - Diluted (₹) | 0.51 | 0.55 | 0.26 | 1.48 | 1.11 | 1.52 |



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Notes:

1. The above Unaudited Financial Results ("**UFR**") have been prepared in accordance with the Indian Accounting Standards ("**Ind AS**") notified under Section 133 of the Companies Act 2013 ("**the Act**") read with the Companies (Indian Accounting Standards) Rules 2015 and accordingly, these financial results together with the comparative reporting period have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("**Ind AS 34**") in compliance with Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**Listing Regulations**"), as amended. Any application guidance / clarifications / directions issued by the Reserve Bank of India will be implemented as and when they are issued / applicable.
2. The above UFR for the quarter ended 31st December 2022 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 11th February 2023.
3. The Statutory Auditors of the Company have conducted a limited review on the UFR for the quarter and nine months ended 31st December 2022.
4. In terms of the requirement as per the RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on implementation of Ind AS, Non-Banking Financial Companies are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning ("**IRACP**") norms (including provision on standard assets). As such the impairment allowances under Ind AS 109 made by the company exceeds the total provisions required under IRACP (including standard assets provisioning) as at 31st December 2022 and accordingly, there is no amount required to be transferred to impairment reserve.
5. On 12th November 2021, the Reserve Bank of India ("**RBI**") had issued Circular no. RBI/2021-2022/125 DOR.STR. REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) were pertaining to Advances. On 15th February 2022, the RBI has issued another Circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 providing time till 30th September 2022 for implementation of provisions of above mentioned circular. Accordingly, the Company has implemented the updated norms under IRACP with effect from 1st October 2022. The effect of implementing the same on the NPA provision under IRACP is ₹ 88.99 lakhs.



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6. During the quarter, the Company has received an order passed by the O/o. Principal Commissioner of GST and Central Excise, raising a Demand on the Company in respect of Service tax liability for the period from 1st October 2014 to 30th June 2017, for amount of ₹ 595.65 lakhs. The total Demand along with penalty amounts to ₹ 655.42 lakhs (excluding appropriate interest). The Company has deposited an amount of ₹ 44.67 lakhs as pre-deposit and has filed an appeal before Customs, Excise and Service Tax Appellate Tribunal ("**CESTAT**"), Chennai. The appeal is pending before CESTAT. The Company has been legally advised and is confident that there will be no outflow of resources on account of thereof and therefore no provision has been made in the books of account.
7. The Company's Secured, Redeemable, Non-Convertible Debentures ("**NCDs**") are secured by mortgage of identified immovable properties and hypothecation of specified hire purchase receivables of the Company with a cover of 100%/110% of outstanding (principal and interest accrued thereon) as per the terms of the issue.
8. The Company is primarily engaged in the business of financing and accordingly there are no separate reportable segments as identified as per Ind AS 108 on 'Operating Segments'.
9. The Code on Social Security 2020 ("**the Code**") has been enacted and the effective date from which changes are applicable and the rules thereunder is yet to be notified. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.
10. Disclosure as required by Regulation 52(4) of the Listing Regulations is enclosed in **Appendix I**.
11. Previous period / year figures have been regrouped / re-arranged / re-classified, wherever necessary to conform to the current period presentation.



11th February 2023
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By Order of the Board
For Sakthi Finance Limited

M Balasubramaniam
Vice Chairman and Managing Director
DIN : 00377053



ANNEXURE-B

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

Review Report

To the Board of Directors of Sakthi Finance Limited, Coimbatore

1. We have reviewed the accompanying unaudited financial results of Sakthi Finance Limited (the "Company") for the quarter ended December 31, 2022 and the year to date results for the period April 01, 2022 to December 31, 2022, which are included in the accompanying Statement of Unaudited Financial Results for the Quarter and Nine months ended December 31, 2022 (the "Statement") being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), including relevant circulars issued by the SEBI from time to time. We have initialed the Statement for identification purposes only.
2. The Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, read with relevant Rules issued thereunder, other accounting principles generally accepted in India and is in compliance with the presentation and disclosure requirements of Regulation 33 and Regulation 52 of the Listing Regulations, 2015, including relevant circulars issued by SEBI from time to time. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



Page 1 of 2

**M/s.CSK Prabhu & Co
Chartered Accountants**

**F4,4th Floor, Srivari Kikani Centre,
No:2, Krishnaswamy Mudaliar Road,
Coimbatore - 641002**

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

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



**CSK Prabhu
Partner**

Membership Number: 019811

UDIN: 2301981189TKHE8870

Place: Coimbatore

Date: February 11, 2023

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**Extract of Statement of Unaudited Financial Results for the
Quarter and nine months ended 31st December 2022**

(₹ lakh)

| Particulars | Quarter Ended | | | Nine months period | | Year Ended |
|---|---------------|-------------|-------------|--------------------|-------------|------------|
| | 31-12-2022 | 30-09-2022 | 31-12-2021 | 31-12-2022 | 31-12-2021 | 31-03-2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Total Revenue from Operations (net) | 4,895.52 | 4,744.33 | 4,648.13 | 14,280.00 | 13,528.54 | 18,133.71 |
| Net Profit / (Loss) for the period (before tax and Exceptional Items) | 382.82 | 450.43 | 246.80 | 1,191.27 | 950.36 | 1,292.04 |
| Net Profit / (Loss) for the period before tax (after Exceptional Items) | 382.82 | 450.43 | 246.80 | 1,191.27 | 950.36 | 1,292.04 |
| Net Profit / (Loss) for the period after tax (after Exceptional Items) | 315.85 | 328.77 | 166.93 | 904.06 | 692.12 | 951.88 |
| Other Comprehensive Income (net of tax) | 17.30 | 24.63 | (1.35) | 55.31 | 27.74 | 33.22 |
| Total Comprehensive Income for the period [comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (net of tax)] | 333.15 | 353.40 | 165.58 | 959.37 | 719.86 | 985.10 |
| Paid-up equity share capital (Face value : ₹ 10 per share) | 6,470.59 | 6,470.59 | 6,470.59 | 6,470.59 | 6,470.59 | 6,470.59 |
| Reserves (excluding Revaluation Reserve) | - | - | - | - | - | 10,814.28 |
| Securities Premium | 1,429.80 | 1,429.80 | 1,429.80 | 1,429.80 | 1,429.80 | 1,429.80 |
| Net worth | 17,762.50 | 17,370.47 | 17,064.35 | 17,762.50 | 17,064.35 | 17,095.14 |
| Paid up Debt Capital/ Outstanding Debt | 0.32 | 0.33 | 0.28 | 0.32 | 0.28 | 0.29 |
| Outstanding Redeemable Preference Shares | NA | NA | NA | NA | NA | NA |
| Debt Equity Ratio | 6.12 | 6.24 | 6.32 | 6.12 | 6.32 | 6.22 |
| Earnings per share (₹ 10 each) (for continuing operations) : | | | | | | |
| a. Basic (₹) | 0.51 | 0.55 | 0.26 | 1.48 | 1.11 | 1.52 |
| b. Diluted (₹) | 0.51 | 0.55 | 0.26 | 1.48 | 1.11 | 1.52 |
| Capital Redemption Reserve | NA | NA | NA | NA | NA | NA |
| Debenture Redemption Reserve | NA | NA | NA | NA | NA | NA |
| Debt Service Coverage Ratio | NA | NA | NA | NA | NA | NA |
| Interest Service Coverage Ratio | NA | NA | NA | NA | NA | NA |

Notes :

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



11th February 2023
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By Order of the Board
For Sakthi Finance Limited

M Balasubramaniam
Vice Chairman and Managing Director
DIN 00377053

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

(₹ lakhs)

| Sl No | Particulars | Quarter Ended | | | Nine months Ended | | Year Ended |
|-------|---|--------------------|---------------------|--------------------|--------------------|--------------------|-----------------|
| | | 31st December 2022 | 30th September 2022 | 31st December 2021 | 31st December 2022 | 31st December 2021 | 31st March 2022 |
| 1 | Debt - Equity Ratio (Refer Note 2) | 6.12 | 6.24 | 6.32 | 6.12 | 6.32 | 6.22 |
| 2 | Debt Service Coverage Ratio | NA | NA | NA | NA | NA | NA |
| 3 | Interest Service Coverage Ratio | NA | NA | NA | NA | NA | NA |
| 4 | Outstanding Redeemable Preference Shares (quantity and value) | NA | NA | NA | NA | NA | NA |
| 5 | Capital Redemption Reserve | Nil | Nil | Nil | Nil | Nil | Nil |
| 6 | Debenture Redemption Reserve | Nil | Nil | Nil | Nil | Nil | Nil |
| 7 | Net worth (Refer Note 3) | 17,762.50 | 17,370.47 | 17,064.35 | 17,762.50 | 17,064.35 | 17,095.14 |
| 8 | Net profit / (loss) after tax | 315.85 | 328.77 | 166.93 | 904.06 | 692.12 | 951.88 |
| 9 | Earnings per Share | | | | | | |
| | - Basic | 0.51 | 0.55 | 0.26 | 1.48 | 1.11 | 1.52 |
| | - Diluted | 0.51 | 0.55 | 0.26 | 1.48 | 1.11 | 1.52 |
| 10 | Current Ratio | NA | NA | NA | NA | NA | NA |
| 11 | Long Term debt to Working Capital | NA | NA | NA | NA | NA | NA |
| 12 | Bad Debts to Accounts Receivable Ratio | NA | NA | NA | NA | NA | NA |
| 13 | Current Liability Ratio | NA | NA | NA | NA | NA | NA |



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| Sl No | Particulars | Quarter Ended | | | Nine months Ended | | Year Ended |
|-------|---|--------------------|---------------------|--------------------|--------------------|--------------------|-----------------|
| | | 31st December 2022 | 30th September 2022 | 31st December 2021 | 31st December 2022 | 31st December 2021 | 31st March 2022 |
| 14 | Total debts to total Assets (Refer Note 4) | 0.76 | 0.76 | 0.76 | 0.76 | 0.76 | 0.77 |
| 15 | Debtor turnover | NA | NA | NA | NA | NA | NA |
| 16 | Inventory turnover | NA | NA | NA | NA | NA | NA |
| 17 | Operating Margin (%) | NA | NA | NA | NA | NA | NA |
| 18 | Net Profit margin (%) (Refer Note 5) | 6.45 | 6.93 | 5.12 | 6.45 | 5.12 | 6.33 |
| 19 | Sector specific equivalent ratios, as applicable | | | | | | |
| | i) Gross Non-performing Assets (GNPA) % (Refer Note 6) | 6.15 | 5.69 | 4.91 | 6.15 | 4.91 | 5.18 |
| | ii) Net Non-Performing Assets (NNPA) % (Refer Note 7) | 3.11 | 2.66 | 1.81 | 3.11 | 1.81 | 2.12 |
| | iii) Provision Coverage Ratio (PCR %) (Refer Note 8) | 51.02 | 54.70 | 64.24 | 51.02 | 64.24 | 60.37 |
| | iv) Capital Adequacy Ratio (%) (Refer Note 9) | 19.09 | 19.27 | 22.81 | 19.09 | 22.81 | 21.66 |

Notes :

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





ANNEXURE E

To

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

**Certificate on Statement of Security Cover and Compliance with
relevant Covenants with respect to Listed Secured Non-Convertible
Debentures Outstanding as at December 31, 2022**

1. The Certificate is issued in accordance with the terms of our engagement letter dated January 24, 2023.
2. We, CSK Prabhu & Co, Chartered Accountants, the statutory auditor of Sakthi Finance Limited ("**the Company**"), have been requested by the management of the Company to certify the book value of assets charged against the listed Secured Non-Convertible Debentures ("**NCDs**") ("**Listed Debt Securities**") issued by the Company mentioned in the accompanying "**Statement of Security Cover as on December 31, 2022**" in "**Annexure B**" and compliance with financial covenants in respect of Listed Secured Non-Convertible Debentures of the Company issued and outstanding as at December 31,2022 as given in the accompanying "**Statement of Security Cover and Compliance with Covenants as on December 31, 2022**" in "**Annexure A**" (Annexure A and Annexure B hereinafter together referred to as "**the Statements**")

The Statements are prepared by the Company from the unaudited books of accounts and other relevant records and documents maintained by the company as at December 31, 2022 pursuant to requirements of Circular no. SEBI/HO/MIRSD/MIRSD_CRADT/CIR/P/2022/67 dated May 19, 2022 issued by the Securities and Exchange Board of India ("**SEBI**") in terms of Regulation 54 read with Regulation 56(1)(d) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Regulation 15(1)(t) of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (hereinafter referred together as the "**the SEBI Regulations**"), as amended, for the purpose of submission to SEBI, the Stock Exchange ("**BSE Ltd**") and to Debenture Trustees of the Listed Debt Securities. The Statements have been initialed by us for identification purpose only.



Management's Responsibility

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

Auditor's Responsibility

5. Pursuant to the requirements of Circular no. SEBI / HO / MIRSD / MIRSD _ CRADT / CIR / P / 2022 / 67 dated May 19, 2022 issued by Securities and Exchange Board of India, our responsibility for the purpose of this certificate is to provide a limited assurance on
 - a) whether the book values of the assets of the Company in the accompanying **Annexure B** have been accurately extracted and ascertained from the unaudited books of accounts of the Company and other relevant records and documents maintained by the Company, and
 - b) whether the Company has complied with financial covenants of the debentures.
6. A limited assurance engagement involves making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed vary in nature and timing from a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

- a) Obtained the Statements from the management.
- b) Verified that the information contained in the Statements have been accurately extracted and ascertained from the unaudited books of accounts of the Company as at and for the period ended December 31, 2022 and other relevant records and documents maintained by the Company, in the normal course of its business.



- c) Verified and examined the arithmetical and clerical accuracy of the information included in the Statements.
 - d) Reviewed the terms of Prospectus(es)/ Debenture Trust Deed(s) to understand the nature of charge (viz. exclusive charge or pari-passu charge) on the assets of the Company.
 - e) Obtained Register of Charges kept by the Company as per the requirements of the Companies Act, 2013 to understand the composition of charges already created on the assets of the company and traced the value of charge created against assets to the security cover indicated in the Statements on a test check basis.
 - f) Read the terms relating to financial covenants of the debentures and recomputed the financial covenants.
 - g) Performed necessary inquiries with the management and obtained necessary representations.
7. We conducted our examination and obtained the explanations in accordance with the Guidance Note on Reports or Certificates for Special Purposes (the "**Guidance Note**") issued by the ICAI and the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 in so far as applicable for the purpose of this Certificate, which includes the concepts of test checks and materiality. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
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.

Conclusion

9. Based on the procedures performed as referred to in paragraph 6 above and according to the information and explanations provided to us by the Management of the Company, nothing has come to our attention that causes us to believe that:
- a. the particulars contained in the accompanying **Annexure B** with respect to the Book Values of Assets (at Cost) charged against Listed Debt Securities issued by the Company have not been accurately extracted and ascertained from the unaudited books of accounts of the Company for the period ended and as at December 31, 2022, and other relevant records and documents maintained by the Company; and
 - b. the Company has not complied with financial covenants of the Debentures as mentioned in the accompanying **Annexure A**.



Restriction on Use

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

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




CSK Prabhu
Partner
Membership No.019811
UDIN: 23019811BGTKHD5294

Coimbatore
February 11, 2023



Sakthi Finance

Since 1955

Annexure A

Statement of Security Cover and Compliance with Covenants as on December 31, 2022

Security cover in respect of listed debt securities of the listed entity under SEBI Circular SEBI/HO/MIRSD/MIRSD CRADT/CIR/P/2022/67 dated May 19, 2022

We hereby certify that:

A. The listed entity i.e. **Sakthi Finance Limited** (the '**Company**') has vide its Board Resolutions, Prospectus and under various Debenture Trust Deeds, issued the Listed Debt Securities (Non-Convertible Debentures/NCDs) and the amount outstanding as at December 31, 2022 (including interest accrued) is Rs.36,424.00 Lakhs as per **Exhibit 1**.

B. Security cover for Secured Debt Securities

i) The financial information as on December 31, 2022, has been extracted from the unaudited books of account as at and for the period ended December 31, 2022 and other relevant records and documents maintained by the Company.

ii) The book value of assets of the Company at cost provide coverage of 1.06 times of the interest and principal amount, which is in accordance with the terms of the Issue/Debenture Trust Deed (Calculation as per "Statement of Security Cover as on December 31, 2022") ("**Annexure B**").

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

We confirm that the Company has complied with all the Financial Covenants of the Listed Non-Convertible Debentures outstanding as at December 31, 2022, including the following:

| NCD | Financial Covenants | Status |
|--|---|----------|
| All Listed NCDs Outstanding as at December 31,2022 | Maintain 100% Security Cover or Security Cover as per the terms of Prospectus and/or Debenture Trust Deeds at all the time on Total Amount Outstanding (including Interest Accrued) for the NCDs as at December 31, 2022. | Complied |



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

Notes:

1. This Statement is prepared in accordance with Regulation 15(1)(t) of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 as amended vide notification No. SEBVLAO-NRO/GN/2020/34 dated October 8, 2020 and notification No. SEBVJ.ADNRO/GN/2022/78 dated April 11, 2022 and Regulation 54 read with Regulation 56(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended vide circular no. EBVHO/MIRSD/MIRSD_CRADT/COR/P/2022/67 dated May 19, 2022 (together referred to as the "**SEBI Regulations**").
2. Other than what has been stated above, there is/are no covenant/s specified in the Prospectus of the listed non-convertible debt securities that the Company needs to comply with.
3. The assets offered as security are loans given by the Company and hence not eligible for market valuations. Wherever Immovable Properties are offered as security for Listed Debt Securities, market valuations have been obtained by the Company.

For Sakthi Finance Limited



Srinivasan Anand
Chief Financial Officer

Coimbatore
February 11, 2023



Exhibit 1

Outstanding Secured Non- Convertible Debentures (including interest accrued)
as at December 31, 2022:

| S.No | Series | ISIN | Facility | Type of Charge | Sanctioned Amount (Rs in lakhs) | Interest Accrued (Rs in lakhs) | Outstanding Amount (Rs in lakhs) | Cover Required (Rs in lakhs) | Assets Required (Rs in lakhs) |
|------|------------------------|---------------|----------------------------|----------------|---------------------------------|--------------------------------|----------------------------------|------------------------------|-------------------------------|
| 1 | NCD Public Issue - III | INE302 E07227 | Non Convertible Debentures | Exclusive | 1,909.01 | - | 1,909.01 | 1,909.01 | 1,909.01 |
| 2 | NCD Public Issue - III | INE302 E07235 | Non Convertible Debentures | Exclusive | 292.14 | 22.46 | 314.60 | 314.60 | 314.60 |
| 3 | NCD Public Issue - III | INE302 E07243 | Non Convertible Debentures | Exclusive | 1,541.34 | 664.58 | 2,205.92 | 2,205.92 | 2,205.92 |
| 4 | NCD Public Issue - IV | INE302 E07276 | Non Convertible Debentures | Exclusive | 811.80 | - | 811.80 | 811.80 | 811.80 |
| 5 | NCD Public Issue - IV | INE302 E07284 | Non Convertible Debentures | Exclusive | 141.50 | 10.60 | 152.10 | 152.10 | 152.10 |
| 6 | NCD Public Issue - IV | INE302 E07292 | Non Convertible Debentures | Exclusive | 793.53 | 230.64 | 1,024.17 | 1,024.17 | 1,024.17 |
| 7 | NCD Public Issue - IV | INE302 E07300 | Non Convertible Debentures | Exclusive | 1,894.23 | - | 1,894.23 | 1,894.23 | 1,894.23 |
| 8 | NCD Public Issue - IV | INE302 E07318 | Non Convertible Debentures | Exclusive | 248.73 | 19.12 | 267.85 | 267.85 | 267.85 |
| 9 | NCD Public Issue - IV | INE302 E07326 | Non Convertible Debentures | Exclusive | 1,129.16 | 337.64 | 1,466.80 | 1,466.80 | 1,466.80 |
| 10 | NCD Public Issue - V | INE302 E07334 | Non Convertible Debentures | Exclusive | 2,948.94 | - | 2,948.94 | 2,948.94 | 2,948.94 |
| 11 | NCD Public Issue - V | INE302 E07342 | Non Convertible Debentures | Exclusive | 3,213.84 | 461.11 | 3,674.95 | 3,674.95 | 3,674.95 |
| 12 | NCD Public Issue - | INE302 E07359 | Non Convertible Debentures | Exclusive | 1,663.12 | - | 1,663.12 | 1,663.12 | 1,663.12 |



| | | | | | | | | | |
|--------------|-----------------------|---------------|----------------------------|-----------|------------------|-----------------|------------------|------------------|------------------|
| | V | | | | | | | | |
| 13 | NCD Public Issue - V | INE302 E07367 | Non Convertible Debentures | Exclusive | 1,595.15 | 235.24 | 1,830.39 | 1,830.39 | 1,830.39 |
| 14 | NCD Public Issue - V | INE302 E07375 | Non Convertible Debentures | Exclusive | 3,566.23 | - | 3,566.23 | 3,566.23 | 3,566.23 |
| 15 | NCD Public Issue - V | INE302 E07383 | Non Convertible Debentures | Exclusive | 2,106.90 | 319.15 | 2,426.05 | 2,426.05 | 2,426.05 |
| 16 | NCD Public Issue - VI | INE302 E07409 | Non Convertible Debentures | Exclusive | 826.37 | - | 826.37 | 826.37 | 826.37 |
| 17 | NCD Public Issue - VI | INE302 E07417 | Non Convertible Debentures | Exclusive | 1,235.12 | 72.39 | 1,307.51 | 1,307.51 | 1,307.51 |
| 18 | NCD Public Issue - VI | INE302 E07425 | Non Convertible Debentures | Exclusive | 412.01 | - | 412.01 | 412.01 | 412.01 |
| 19 | NCD Public Issue - VI | INE302 E07433 | Non Convertible Debentures | Exclusive | 681.25 | 41.13 | 722.38 | 722.38 | 722.38 |
| 20 | NCD Public Issue - VI | INE302 E07441 | Non Convertible Debentures | Exclusive | 227.64 | - | 227.64 | 227.64 | 227.64 |
| 21 | NCD Public Issue - VI | INE302 E07458 | Non Convertible Debentures | Exclusive | 126.30 | 7.85 | 134.15 | 134.15 | 134.15 |
| 22 | NCD Public Issue - VI | INE302 E07466 | Non Convertible Debentures | Exclusive | 4,374.51 | - | 4,374.51 | 4,374.51 | 4,374.51 |
| 23 | NCD Public Issue - VI | INE302 E07474 | Non Convertible Debentures | Exclusive | 2,116.80 | 146.46 | 2,263.26 | 2,263.26 | 2,263.26 |
| Total | | | | | 33,852.62 | 2,568.38 | 36,424.00 | 36,424.00 | 36,424.00 |



Annexure - B

Statements of Security Cover as on December 31, 2022

(All amounts are Rs. In Lakhs)

| Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M | Column N | Column O |
|--|--|--|--------------------|--|--|--|---|--|--|---|--|-----------------------|----------|------------------|
| Particulars | Description of asset for which this certificate relate | Exclusive Charge | Exclusive Charge | Pari-Passu Charge | Pari-Passu Charge | Pari-Passu Charge | Assets not offered as Security | Elimination (amount in negative) | (Total C to H) | Related to only those items covered by this certificate | | | | |
| | | Debt for which this certificate being issued | Other Secured Debt | Debt for which this certificate being issued | Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge) | Other assets on which there is pari-Passu charge (excluding items covered in column F) | Debt amount considered more than once (due to exclusive plus pari passu charge) | Market Value for Assets charged on Exclusive basis | Carrying /Book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) | Market Value for Pari passu charge Assets | Carrying value/Book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) | Total Value(=K+L+M+N) | | |
| | | Book Value | Book Value | Yes/ No | Book Value | Book Value | | | | | Relating to Column F | | | |
| ASSETS | | | | | | | | | | | | | | |
| Property, Plant and Equipment | | 3.72 | - | No | - | - | 5,845.02 | - | 5,848.74 | 105.25 | - | - | - | 105.25 |
| Capital Work-in- Progress | | - | - | NA | - | - | - | - | - | - | - | - | - | - |
| Right of Use Assets | | - | - | NA | - | - | 1,022.77 | - | 1,022.77 | - | - | - | - | - |
| Goodwill | | - | - | NA | - | - | - | - | - | - | - | - | - | - |
| Intangible Assets | | - | - | NA | - | - | 155.36 | - | 155.36 | - | - | - | - | - |
| Intangible Assets under Development | | - | - | NA | - | - | - | - | - | - | - | - | - | - |
| Investment Property | | - | - | NA | - | - | 271.76 | - | 271.76 | - | - | - | - | - |
| Investments | | - | - | NA | - | - | 1,379.66 | - | 1,379.66 | - | - | - | - | - |
| Loans | Standard Loan Receivables | 38,755.73 | 35,707.00 | No | - | - | 41,558.82 | - | 1,16,021.55 | - | 38,755.73 | - | - | 38,755.73 |
| Inventories | | - | - | NA | - | - | - | - | - | - | - | - | - | - |
| Trade Receivables | | - | - | NA | - | - | 250.33 | - | 250.33 | - | - | - | - | - |
| Cash and Cash Equivalents | | - | - | NA | - | - | 658.36 | - | 658.36 | - | - | - | - | - |
| Bank Balances other than Cash & Cash Equivalents | | - | - | NA | - | - | 44.22 | - | 44.22 | - | - | - | - | - |
| Others | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Financial Assets | | - | - | NA | - | - | 1,661.41 | - | 1,661.41 | - | - | - | - | - |
| Deferred Tax Assets | | - | - | NA | - | - | 414.43 | - | 414.43 | - | - | - | - | - |
| Other Non-Financial Assets | | - | - | NA | - | - | 1,976.92 | - | 1,976.92 | - | - | - | - | - |
| Total | | 38,759.45 | 35,707.00 | - | - | - | 55,239.06 | - | 1,29,705.51 | 105.25 | 38,755.73 | - | - | 38,860.98 |



Annexure - B

Statements of Security Cover as on December 31, 2022

(All amounts are Rs. In Lakhs)

| Column A | Column B | Column C | Column D | Column E | Column F | Column G | Column H | Column I | Column J | Column K | Column L | Column M | Column N | Column O |
|--|--|--|--------------------|--|--|---|---|--|--|---|--|-----------------------|----------|-----------|
| Particulars | Description of asset for which this certificate relate | Exclusive Charge | Exclusive Charge | Pari-Passu Charge | Pari-Passu Charge | Pari-Passu Charge | Assets not offered as Security | Elimination (amount in negative) | (Total C to H) | Related to only those items covered by this certificate | | | | |
| | | Debt for which this certificate being issued | Other Secured Debt | Debt for which this certificate being issued | Assets shared by pari passu debt holder (includes debt for which this certificate is issued & other debt with pari-passu charge) | Other assets on which there is pari- Passu charge (excluding items covered in column F) | Debt amount considered more than once (due to exclusive plus pari passu charge) | Market Value for Assets charged on Exclusive basis | Carrying /Book value for exclusive charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) | Market Value for Pari passu charge Assets | Carrying value/Book value for pari passu charge assets where market value is not ascertainable or applicable (For Eg. Bank Balance, DSRA market value is not applicable) | Total Value(=K+L+M+N) | | |
| | | Book Value | Book Value | Yes/ No | Book Value | Book Value | | | | | Relating to Column F | | | |
| LIABILITIES | | | | | | | | | | | | | | |
| Debt securities to which this certificate pertains | Secured Non Convertible Debentures (Listed) | 36,424.00 | 11,519.33 | - | - | - | 11,625.50 | - | 59,568.83 | - | - | - | - | 36,424.00 |
| Other debt sharing pari-passu charge with above debt | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Debt | | | - | - | - | - | 1,587.28 | - | 1,587.28 | - | - | - | - | - |
| Subordinated debt | | | - | - | - | - | 27,412.74 | - | 27,412.74 | - | - | - | - | - |
| Borrowings | | | - | - | - | - | - | - | - | - | - | - | - | - |
| Bank | | 15,407.29 | - | - | - | - | - | - | 15,407.29 | - | - | - | - | - |
| Debt Securities | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Others | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Term Loan from Others | not to be filled | 512.82 | - | - | - | - | - | - | 512.82 | - | - | - | - | - |
| Public Deposits | | - | - | - | - | - | 3,135.63 | - | 3,135.63 | - | - | - | - | - |
| Trade payables | | - | - | - | - | - | 236.90 | - | 236.90 | - | - | - | - | - |
| Lease Liabilities | | - | - | - | - | - | 329.48 | - | 329.48 | - | - | - | - | - |
| Provisions | | - | - | - | - | - | 155.43 | - | 155.43 | - | - | - | - | - |
| Others | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other Financial Liabilities | | 38.73 | - | - | - | - | 929.22 | - | 967.95 | - | - | - | - | - |
| Other non-Financial Liabilities | | - | - | - | - | - | 25.64 | - | 25.64 | - | - | - | - | - |
| Current Tax Liabilities | | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | | 36,424.00 | 27,478.17 | - | - | - | 45,437.82 | - | 1,09,339.99 | - | - | - | - | 36,424.00 |
| Cover on Book Value | | 1.06 | | | Not Applicable | | | | | | | | | |
| Cover on Market Value | | | | | | | | | | | | | | 1.07 |
| | | Exclusive Security Cover Ratio | | | Pari-Passu Security Cover Ratio | | | | | | | | | |

Note: 1. The Market Value of Immovable Assets are taken as per External Valuation Report dated March 31, 2022

2. The above amounts has been extracted from the unaudited financial results for the nine months ended December 31, 2022

3. The Cost mentioned in Column C relating to Property, Plant & Equipment represents Cost to the Company (non-revalued).

4. The Company has complied with all the covenants specified in respect of all Listed Non-Convertible Securities.

