

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

Through : On-line submission

Dear Sir,

Annual Report for the financial year ended 31st March 2022 and Annual General Meeting updates

1. We request you to refer our letter no. SFL:BSE:087:2022-23 dated 11 August 2022 regarding the convening of the 65th Annual General Meeting ("AGM") of the Company on **Wednesday, 28 September 2022 at 4.00 p.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 Regulation 34 of the Listing Regulations, we submit an electronic copy each of the Notice convening the 65th AGM and the Annual Report 2022 of the Company consisting of the Audited Financial Statements, Board's Report and Independent Auditors' Report thereon for the financial year ended 31st March 2022. The brief details of the agenda items proposed to be transacted at the 65th AGM is set out in the **Annexure**.
3. The electronic copies of the AGM Notice and the Annual Report 2022 have been circulated to all the members holding shares in dematerialized form, whose e-mail addresses are registered with their Depository Participants ("DP") as well as to the members holding shares in physical form, whose e-mail addresses are registered with the Company / Registrar Share Transfer Agent of the Company for communication purposes. The AGM Notice and the Annual Report 2022 has been uploaded on the website of the Company at **www.sakthifinance.com** and this submission will enable them to be available on the website of the stock exchange for access by any member. In view of the exemptions provided by MCA / SEBI, no physical or hard copies of the AGM Notice and the Annual Report 2022 have been circulated to the members.
4. Members of the Company who have not registered their e-mail addresses with the Company were informed by a public notice in newspapers dated 29 August 2022 about the process for registration of their e-mail addresses to receive the AGM Notice, Annual Report 2022 and the log-in credentials for participating in the AGM through VC/OAVM facility. Detailed instructions are also given in the AGM Notice.
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





Sakthi Finance

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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 **Sunday, 25 September 2022** (9.00 a.m. IST) and concludes on **Tuesday, 27 September 2022** (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. **Wednesday, 21 September 2022** 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. **Wednesday, 21 September 2022**. 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.

Yours faithfully
For Sakthi Finance Limited



S Venkatesh
Company Secretary and
Chief Compliance Officer
FCS 7012



Enc : (2)

The brief summary of the resolutions proposed to be transacted at the 65th AGM of the Company is given below:

Sl No	Resolutions proposed to be transacted at the 65th AGM	Manner of approval
Ordinary Business		
1	Consideration and adoption of the Audited Financial Statements of the Company for the financial year ended 31 March 2022 and the reports of Board of Directors and Statutory Auditors	Ordinary Resolution
2	Confirmation of Interim Dividend at ₹ 8.25 (8.25%) per share declared on Redeemable, Cumulative Preference Shares of ₹ 100 each for the financial year ended 31 March 2022 as final dividend	Ordinary Resolution
3	Declaration of dividend at ₹ 0.60 (6%) per equity share of ₹ 10 each for the financial year ended 31 March 2022	Ordinary Resolution
4	Re-appointment of Dr. S Veluswamy, as a Director liable to retire by rotation	Ordinary Resolution
5	Appointment of M/s. CSK Prabhu & Co, Chartered Accountants as Statutory Auditors of the Company to hold office from conclusion of the 65th AGM until the conclusion 67th AGM to be held in the year 2024	Ordinary Resolution
Special Business		
6	Issue of Redeemable, Cumulative, Preference Shares on private placement basis for an amount not exceeding ₹ 15 Crores	Special Resolution
7	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	Special Resolution



NOTICE TO MEMBERS

NOTICE is hereby given that the Sixty Fifth (65th) Annual General Meeting ("AGM") of the members of the Company will be held on **Wednesday, 28th September 2022 at 4.00 p.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 2022 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 15,00,000 numbers of Redeemable, Cumulative, Preference Shares of ₹ 100 each for the financial year ended 31st March 2022 declared by the Board of Directors on 14th February 2022 and paid on *pro rata* (as applicable) basis out of the profits of the company be and are hereby confirmed as final dividend.

3. Declaration of dividend on Equity Shares

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

RESOLVED THAT a dividend of ₹ 0.60 (6%) per equity share, as recommended by the Board of Directors, be declared for the financial year ended 31st March 2022 on 6,47,05,882 numbers of equity shares of ₹ 10 each out of the profits of the company for the said financial year and the said dividend be paid to those equity shareholders whose names stand on the Register of Members in case the equity shares are held in physical form and also to the beneficial holders of the dematerialised shares as per the details provided by the Depositories in case the equity shares are held in the electronic form, as on **Wednesday, 21st September 2022**.

4. Reappointment of Dr S Veluswamy (DIN: 05314999), 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 Dr S Veluswamy, holding DIN: 05314999, who retires by rotation and being eligible for reappointment, be and is hereby reappointed as a Director of the Company.

5. Appointment of Statutory Auditors

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

RESOLVED THAT pursuant to 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. CD.ARG/SEC.01/08.91.001/2021-22 dated 27 April 2021 ("RBI Guidelines") issued by Reserve Bank of India ("RBI") on RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) read with the Policy on appointment of Statutory Auditors and pursuant to the recommendation of the Audit Committee, approval of the members of the Company be and is hereby accorded for appointment of M/s. CSK Prabhu & Co, Chartered Accountants (ICAI Firm Registration No: 0024855), as Statutory Auditors of the Company to hold office from the conclusion of this 65th AGM until the conclusion of the 67th AGM of the Company to conduct the audit of accounts of the Company for the years ending 31st March 2023 and 31st March 2024 on such remuneration plus out of pocket expenses, if any, as may be mutually agreed between the Company 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. Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 15 Crores

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

RESOLVED THAT pursuant to the provisions of Sections 42, 55 and any other applicable provisions of the Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof), the Memorandum and Articles of Association of the Company, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities from time to time, approval of the Company be and is hereby given to the Board of Directors ("**the Board**"), which term shall include any Committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution) to offer, issue and allot, in one or more tranches, 15,00,000 (Fifteen lakhs only) Redeemable, Cumulative, Preference Shares ("**Preference Shares**") of the face value of ₹ 100

each for cash at par for an amount not exceeding ₹ 1,500 lakh (Rupees One Thousand Five Hundred lakh only) on private placement basis to persons identified by the Board of Directors in their absolute discretion, whether or not such persons are members of the Company, on such terms and conditions as may be decided by the Board and subject to the following rights:

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

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

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

7. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 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 Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions

of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 ("**SEBI NCS Regulations**"), if applicable, the rules, regulations, guidelines, circulars and RBI directions as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other requirements as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**") which term shall be deemed to include any Committee duly constituted/ authorized Committee of the Board) to offer, issue and allot, listed / unlisted, Secured or Unsecured, Redeemable, Non-Convertible Debentures ("**NCDs**") and / or other Debt Securities on private placement basis, during the period commencing from the conclusion of Sixty Fifth Annual General Meeting until the conclusion of Sixty Sixth Annual General Meeting up to an amount not exceeding ₹ 750 crores, within the overall borrowing limits of the Company.

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

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

NOTES:

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

In view of the continuing COVID-19 pandemic situation, the Ministry of Corporate Affairs ("**MCA**") in its latest Circular No. 02/2022 dated 5th May 2022 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 and 21/2021 dated 14th December 2021 (collectively referred to as "**MCA Circulars**") and Securities and Exchange Board of India ("**SEBI**") has, by its Circular Nos. 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, issued by the Securities and Exchange Board of India (collectively referred to as "SEBI Circulars"), permitted companies whose AGMs are to be conducted on or before 31st December 2022, to hold their AGMs through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") not requiring the physical presence of the Members at a common venue. Considering the health and safety of all stakeholders including the members and in view of the surge of the Covid-19 infection, the 65th AGM of the Company is being conducted through VC/OAVM in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") read with the above circulars issued in this regard. The deemed venue for the 65th 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 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 and 7 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 and the details of Director seeking re-appointment**

The relevant Statement as required under Section 102 of the Act setting out the material facts in respect of Item No.5 and Special Business under Item Nos. 6 and 7 are annexed.

4. The relevant details of Director seeking re-appointment under Item No. 4 pursuant to Regulation 36(3) of the Listing Regulations and as required under Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is 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 or info@skdc-consultants.com.

8. **Electronic dispatch of the AGM Notice and the Annual Report 2022**

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 65th AGM along with Annual Report for the year 2022 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 65th AGM along with the Annual Report for the year 2022 will also be made available on the Company's website www.sakthifinance.com for their download. Members can request for a physical copy of the Annual Report 2022 by sending a request to the e-mail, investors@sakthifinance.com.

9. **Record Date and Dividend**

Wednesday, 21st September 2022 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 2022, 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 **Wednesday, 28th September 2022** to those shareholders or their mandatees:

- a. whose names appear as Beneficial Owners as at the end of the business hours on **Wednesday, 21st September 2022** 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; and
- b. whose names appear as Members in the Register of Members of the Company as at the end of the business hours on **Wednesday, 21st September 2022** 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 **Wednesday, 21st September 2022**.

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/ SKDC Consultants Limited (in case shares are held in physical mode) and with depositories (in case of shares held in demat mode).

Members are requested to send the forms to the E-mail id to investors@sakthifinance.com on or before **Wednesday, 21st September 2022**. No documents will be accepted after **Wednesday, 21st September 2022**.

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 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 Shares are held in physical form

Members are requested to send the following documents in original to investors@sakthifinance.com:

- a. A signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
 1. Name, Branch address of the Bank and Bank Account type (e.g. savings, current, etc.)
 2. Bank Account Number
 3. 11 digit IFS Code.
- b. Original cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. Self-attested PAN Card copy; and
- d. Self-attested photocopy of any document (such as Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

In case 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 shares in demat form 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 shares held in physical form, will not be automatically applicable to the dividend paid on 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. TRANSFER AND TRANSMISSION OF SHARES

Mandatory processing of Transfer and Transmission request in Demat form

As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April 2019. Further, SEBI has, by its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, mandated listed companies to issue securities in dematerialized form while processing service request for issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission, transposition, etc.

In view of the above and to eliminate the risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to convert their holdings into dematerialised form.

Members are requested to contact the Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the RTA to seek guidance with respect to the demat procedure. Members may also visit the website of depositories viz. National Securities Depository Limited, <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited, <https://www.cdslindia.com/investors/open-demat.html> for further understanding the demat procedure.

Simplified procedure for transmission of securities and Issuance of Duplicate Share certificates

SEBI has, by its Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/65 dated 18th May 2022 and SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/70 dated 25th May 2022, simplified the procedure and standardized the format of documents for transmission of securities and issuance of duplicate securities certificates. Members are requested to submit their requests, if any, along with the documents as per the said circular.

13. UPDATION OF MANDATORY KNOW YOUR CUSTOMER ("KYC") DETAILS

Shares held in physical form: SEBI has, by its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November 2021 read with clarificatory Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December 2021, mandated physical shareholders to furnish PAN, nomination, contact details (postal address with PIN, mobile number and E-mail address), bank account details (bank name and branch, bank account number and IFS Code) and specimen signature ('mandatory KYC').

Accordingly, Members holding shares in physical form are requested to complete the mandatory KYC by sending an E-mail request along with the duly signed **Form ISR-1 (Refer Annexure-3)** and other relevant forms to SKDC Consultants Limited at the **E-mail Id: green@skdc-consultants.com**.

As per SEBI circular, non-availability of any of the above documents/details with SKDC Consultants Limited on or after 1st April 2023 will result in freezing of the physical shareholders' folios.

Shares held in dematerialised form: Members holding shares in dematerialized form are requested to submit/update their KYC details with their respective Depository Participants.

14. PROCEDURE FOR INSPECTION OF REGISTERS AND DOCUMENTS

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send e-mail to **svnkatesh@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.

15. NOMINATION FACILITY

As per Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register it by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held in electronic form and to the Company's Registrar and Share Transfer Agent ("RTA") in case the shares are held in physical form, quoting the folio number.

16. 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 and 2014 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**.

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
2014-15: Dividend on Equity Shares	4th November 2022
2015-16: Dividend on Equity Shares	31st October 2023
2016-17: Dividend on Equity Shares	1st November 2024
2017-18: Dividend on Equity Shares	31st October 2025
2018-19: Dividend on Equity Shares	30th October 2026
2019-20: Dividend on Equity Shares	23rd January 2028
2020-21: Dividend on Equity Shares	4th November 2028

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

The members may note that in case dividend is not claimed for seven consecutive years, besides transfer of the unclaimed dividend to IEPF, the Company shall transfer the shares in respect of which the dividend was so unclaimed to the dematerialized account of IEPF under Section 124(5) of the Act and the IEPF Rules. Accordingly, the Company has transferred 4,86,516 equity shares of ₹ 10 each to the dematerialized account of IEPF authority during the financial years 2018, 2019, 2020 and 2021.

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

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

17. GREEN INITIATIVE

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

18. 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 Company's website, **www.sakthifinance.com**, notice board of the Company and on the website of CDSL, **www.evotingindia.com** within two days after the voting on the Resolutions at the Sixty Fifth AGM of the Company, viz. on

or before Friday, 30th September 2022 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 SKDC Consultants Limited for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address to SKDC Consultants Limited are required to provide their e-mail address to SKDC Consultants Limited on or before 5:00 p.m. ("IST") on **Wednesday, 21st September 2022**. This Notice and the procedure for remote e-Voting along with the log-in ID and password for remote e-Voting will be sent to the e-mail address provided by the member.

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

a. Members holding shares in electronic form

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

b. Members holding shares in physical form

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

- i. a signed request letter mentioning your name, folio number and complete address
- ii. self-attested scanned copy of the PAN card and
- iii. self-attested scanned copy of any one of the documents (such as Aadhaar Card, Driving Licence, Voter ID Card and Passport) for proof of the address of the member as registered with the Company.

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

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

20. 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, SKDC Consultants Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028, Phone : (0422) 4958995, 2539835-836, Fax : (0422) 2539837, **E-mail: green@skdc-consultants.com, Website: www.skdc-consultants.com.**

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

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 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. **Wednesday, 21st September 2022**, shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM. Any recipient of the Notice, who has no voting rights as on the cut-off date shall treat this Notice as intimation only.

A person who has acquired the shares and has become a member of the Company after the despatch of the Notice of the AGM and prior to the cut-off date i.e. **Wednesday, 21st September 2022**, 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 **Sunday, 25th September 2022 at 9.00 a.m.** and will conclude on **Tuesday, 27th September 2022 at 5.00 p.m.** During this period, the members of the Company holding shares either in physical mode or in demat mode as on the cut-off date i.e. **Wednesday, 21st September 2022** 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 in the paid up equity share capital of the Company as on the cut-off date i.e. **Wednesday, 21st September 2022**.

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.

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

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 shares in demat mode.

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

a. The voting period begins on **Sunday, 25th September 2022 at 9:00 a.m.** and ends on **Tuesday, 27th September 2022 at 5:00 p.m.** During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. **Wednesday, 21st September 2022**, 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.

c. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated 9th December 2020, under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all

g. 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:

shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

d. 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.

e. 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.

f. 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.

Type of Member	Log-in Method
Individual Members holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL's Easi / Easiest facility, can log-in through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to log-in to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on log-in icon and select New System Myeasi. 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. CDSL/NSDL/ KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.

	<p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available in www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/Evoting_login. 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.</p>
Individual Members holding securities in Demat mode with NSDL	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Log-in" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Log-in" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.
Individual Members (holding securities in Demat mode) log-in through their Depository Participants	<p>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.</p>

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

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

Log-in type	Helpdesk
Individual Members holding securities in Demat mode with CDSL	Members facing any technical issue in log-in can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact toll free no. 1800 22 55 33

Individual Members holding securities in Demat mode with NSDL	Members facing any technical issue in log-in can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

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

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

For Members other than individual members holding shares in Demat Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number indicated/sent by the Company/RTA or contact Company/RTA.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log-in. <ul style="list-style-type: none"> ● 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.

- i. After entering these details appropriately, click on "SUBMIT" tab.
- j. 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.
- k. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- l. Click on the EVSN of the Company, SAKTHI FINANCE LIMITED on which you choose to vote.
- m. 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.
- n. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- o. 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.
- p. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- q. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- r. 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.
- s. 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.

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

- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves 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**.
- 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**, 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** 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** and on the website of CDSL i.e. **www.cdslindia.com** within two days of the passing of the Resolutions at the 65th 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 Regd. Office : 62, Dr Nanjappa Road, Coimbatore – 641 018 Phone : (0422) 2231471-74, 4236200 E-mail ID : sakthif_info@sakthifinance.com, investors@sakthifinance.com Website : www.sakthifinance.com
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Registrar and Transfer Agent	SKDC Consultants Limited "Surya", 35, Mayflower Avenue, Behind Senthil Nagar Sowripalayam Road, Coimbatore – 641 028 Phone : (0422) 4958995, 2539835-836, Fax: (0422) 2539837 E-mail ID : info@skdc-consultants.com Website : www.skdc-consultants.com
e-Voting Agency	Central Depository Services (India) Limited E-mail ID : helpdesk.evoting@cdslindia.com Toll free no.: 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 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 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, 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 7 of the accompanying Notice dated 11th August 2022.

ORDINARY BUSINESS

Item No.5

Appointment of Statutory Auditors

In compliance of RBI Circular dated 27th April 2021 on "Guidelines for appointment of Statutory Auditors of Banks and NBFCs" and based on the recommendation of Audit Committee and Board, M/s CSK Prabhu & Co. Chartered Accountants (ICAI Regn No. 0024855) were appointed as Statutory Auditors of the Company to hold office from the 64th AGM until the conclusion of the 67th AGM, which was approved by the members at the 64th AGM held on 30th September 2021.

Further, pursuant to the above RBI Circular, based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act 2013 with regard to the full-time partners, statutory and branch audit experience of the firm, capability, independence assessment, audit experience of banks, the Statutory Auditors can be appointed for a further period of 2 consecutive years to hold office from the conclusion of 65th AGM until the conclusion of 67th AGM to be held in the year 2024.

The Company has received confirmation from M/s. CSK Prabhu & Co, Chartered Accountants that their appointment, if made, will be within the specified limits under the Act and that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of Section 141 of the Act read with the Companies (Audit and Auditors) Rules 2014 and the said RBI Circular, Further, the statutory auditors have also confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and hold a valid Peer Review Certificate from the Peer Review Board of ICAI.

Accordingly, the Board of Directors, based on the recommendation of Audit Committee and subject to the approval of members, recommended their appointment for a further period of two (2) consecutive years.

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

Proposed statutory audit fee payable to auditors	Not exceeding an amount of ₹ 16 lakhs as statutory audit fees for the year ending 31st March 2023. The above fees exclude limited review, certification fees, applicable taxes and reimbursement of expenses.
Terms of appointment	M/s. CSK Prabhu & Co., Chartered Accountants, are recommended for appointment for a consecutive period of two years from the conclusion of the 65th Annual General Meeting until the conclusion of the 67th Annual General Meeting.
Material change in fee payable	There is no material change in fees payable for the auditors
Basis of recommendation and auditor's credentials	The recommendations are based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act 2013 with regard to the full-time partners, statutory and branch audit experience of the firm, capability, independence assessment, audit experience of banks. <u>Brief Profile of M/s CSK Prabhu & Co, Chartered Accountants</u> M/s CSK Prabhu & Co is a firm of Chartered Accountants headquartered in Coimbatore. The firm was incorporated in the year 1979 by Sri.C.S.K. Prabhu FCA, Chartered Accountant. The firm is a 43 year old firm. The firm has 3 partners. The Firm provides Audit, Assurance, Taxation and Consultancy Services. The firm has experience in the following Sectors: Manufacturing, Textiles, Infotech, Finance and Banking, Retail and Trading, Jewellery, Food Processing, FMCG, Healthcare, NGO / NPO Charity and Education, Energy, Capital Goods, Chemicals and Fertilizers, Automobile Machinery and Construction etc. The firm holds a valid Peer Review Certificate from the Peer Review Board of ICAI, New Delhi.

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

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

SPECIAL BUSINESS

Item No.6

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

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

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

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

a	Particulars of the offer including date of passing of Board resolution	Redeemable, Cumulative Preference Shares Date of Board Meeting : 11th August 2022
b	Size of the issue and the number of preference shares to be issued and the nominal value of each share	The Company proposes to issue and allot up to 15,00,000 (Fifteen Lakhs only) Redeemable, Cumulative, Preference Shares of face value of ₹ 100 each for cash at par aggregating a nominal value not exceeding ₹ 15 crore to various persons/ entities identified by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any duly constituted / to be constituted Committee of the Board thereof to exercise its powers including powers conferred by this resolution) and whether or not they are members of the Company
c	Nature of such shares. i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible	Redeemable, Cumulative, Non-participating and Non-Convertible Preference Shares
d	Objectives of the issue	To increase net worth, to strengthen the Capital Adequacy Ratio and to meet the working capital requirements of the Company
e	Manner of issue of shares	On private placement basis
f	Price at which such shares are proposed to be issued	At par
g	Basis on which the price has been arrived at	None
h	Name and address of valuer who performed valuation	Not applicable
i	Terms of issue, including terms and rate of dividend on each share etc	As mentioned in the resolution in Item No 6 and the rate of dividend will be decided by the Board of Directors at the time of issue.
j	Terms of redemption, including the tenure of redemption, if any, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	The period of redemption will be decided by the Board of Directors but in no case shall exceed a period of 20 years from the date of issue. Redemption of preference shares at premium is not applicable and there is no conversion of shares
k	Manner and modes of redemption	Out of profits and /or out of fresh issue of capital, as the case may be

l	Current shareholding pattern of the Company	Equity shareholding pattern as on 30th June 2022:		
		Category	No of Shares	% of equity capital
		Promoter and Promoter Group	4,33,63,007	67.02
		Banks, Financial Institutions and Mutual Funds	900	0.00
		Bodies Corporate including Overseas Corporate Body	1,56,13,396	24.13
		Non-Resident Indians	20,236	0.03
		Resident Individuals and Others	57,08,343	8.82
		Total	6,47,05,882	100.00
Detailed shareholding pattern is available on the website of the Company, i.e. www.sakthifinance.com and also available on the website of the BSE Ltd i.e. www.bseindia.com .				
m	Expected dilution in equity share capital upon conversion of preference shares	Not applicable		
n	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.		
o	Principal terms of assets charged as security, if applicable	Not applicable		

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

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

Item No.7

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

Borrowings through NCDs and other debt securities, issued on private placement basis form a significant source of funds for the Company. The borrowings of the Company presently aggregate approximately to ₹ 1,002 crore, of which Secured or Unsecured NCDs, Subordinated bonds and other debt securities, privately placed, aggregate approximately to ₹ 337 crore.

The Company expects to borrow an amount not exceeding ₹ 750 crore by way of NCDs and other debt securities during the period commencing from the conclusion of the Sixty Fifth Annual General Meeting until the conclusion of the Sixty Sixth Annual General Meeting. The issue proceeds are expected to be used to fund the hire purchase finance operations of the Company and for general working capital requirements.

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

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

Particulars of the offer including date of passing of Board resolution	Secured or Unsecured Redeemable, Non-Convertible Debentures ("NCDs") and Other Debt Securities in one or more series or tranches Date of Board Meeting : 11th August 2022
Kinds of securities offered and the price at which security is being offered	NCDs and other Debt Securities Face Value of NCDs : ₹ 1,000 each Other Debt Securities : At the discretion of the Board of Directors at the time of Issue

Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	Not applicable
Name and address of valuer who performed valuation	Not applicable
Amount which the company intends to raise by way of such securities	For an amount not exceeding ₹ 750 crores in aggregate
Material Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment	Terms NCDs : 15 to 36 months Other Debt Securities : At the discretion of the Board of Directors at the time of Issue Interest Rate : Not exceeding 12% per annum Mode of payment : NEFT / Cheque / DD Repayment : NEFT / Cheque / DD on the date of maturity
Proposed time schedule for which the offer letter is valid	Validity commencing from the conclusion of this AGM until the conclusion of the next AGM.
Purposes and objects of the offer	To finance the business operations and increased working capital requirements of the Company.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Promoters or Directors may subscribe to the offer.
Principal terms of assets charged as security, if applicable	Secured NCDs : Security cover will be equal to or more than one time of the debenture value.

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

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

By Order of the Board
 For Sakthi Finance Limited

S Venkatesh
 Company Secretary and Chief Compliance Officer
 FCS 7012

11th August 2022
 Coimbatore

Registered Office:

62, Dr Nanjappa Road
 Coimbatore – 641 018

CIN : L65910TZ1955PLC000145

Phone : (0422) 2231471-74, 4236200

Fax : (0422) 2231915

E-mail : investors@sakthifinance.com

Website : www.sakthifinance.com

DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE SIXTY FIFTH 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	Dr S Veluswamy
Item No	4
Director Identification Number ("DIN")	05314999
Date of birth and age	20th June 1959, 63 years
Date of appointment on the Board	29th May 2019
Qualifications	M Com, ACS, Ph.D
No of Board Meetings attended during the year out of 10 meetings	10
Expertise in specific functional areas	He holds a Master's Degree in Commerce from Madras University. He is also an Associate Member of The Institute of Company Secretaries of India. He has also received a Doctorate Degree in Commerce from Bharathiyar University. He has more than three decades of experience in secretarial, business operations and finance etc of the Company. He had already served as CFO of the Company from November 2014 to November 2015, Senior President from November 2015 to August 2017 and CEO of the Company from 10th August 2017 to 28th May 2019. He has also served as Director (Finance and Operations) and CFO of the Company from 29th May 2019 to 24th May 2022.
Directorships held in other Companies	Unlisted Public Companies 1. ABT Finance Limited 2. ABT Foods Limited 3. ABT Foods Agrovet Limited 4. Sakthifinance Commercial Vehicle and Infrastructure Limited Private Limited Companies 5. Sakthi Pelican Insurance Broking Private Limited
Memberships / Chairmanships of committee across public companies	Audit Committee 1. ABT Foods Limited 2. ABT Foods Agrovet Limited
Resignation during past 3 years from listed companies	Not applicable
No of equity shares held	Nil
Last drawn remuneration	₹ 34.06 lakhs
Relationship with other directors	None

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 65th 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, SKDC Consultants 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	No TDS in the following cases: If dividend payable or likely to be paid to a resident individual shareholder during financial year 2022-23 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 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 Individual (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.
Insurance Companies (Public / Other) or Mutual Funds specified under Section 10 (23D) or Alternative Investment Fund (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.

Footnote:
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
- 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.

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 2022-23 or the calendar year 2022 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 2022-23.</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, on or before **Wednesday, 21st September 2022**.

FORM ISR – 1

(SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 on Common and Simplified Norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination)

REQUEST FOR REGISTERING PAN, KYC DETAILS OR CHANGES / UPDATION THEREOF

[For Securities (Shares / Debentures / Bonds, etc.) of listed companies held in physical form]

Date : / /

A. I / We, request you to Register / Change / Update the following (Tick ✓ relevant box)

<input type="checkbox"/> PAN	<input type="checkbox"/> Signature	<input type="checkbox"/> Mobile Number
<input type="checkbox"/> Bank details	<input type="checkbox"/> Registered Address	<input type="checkbox"/> E-mail address

B. Security and KYC Details (to be filled in by the First Holder)

Name of the Issuer Company		Folio No(s)	
Face value of Securities		Number of Securities	
Distinctive number of Securities (Optional)	From	To	
E-mail Address			
Mobile Number			

C. I/We are submitting documents as per Table below (tick ✓ as relevant, refer to the instructions):

Name(s) of the Security holder(s) in Capital as per PAN Copies of PAN of all the Holder(s) duly self-attested with date to be enclosed with this Form	PAN	PAN Linked to Aadhaar -Y/N Tick any one [✓] *
		Yes / No
		Yes / No
		Yes / No
		Yes / No

Note: * PAN shall be valid only if it is linked to Aadhaar by March 31, 2022, or any other date as may be specified by CBDT.
To know the status of your Pan Linked to Aadhaar check on this link: <https://www.incometax.gov.in/iec/foportal>.

Bank Account Details of First Holder		
Name of the Bank & Branch	IFSC	
Bank A/c No.	Tick any one [✓]- Acct type <input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> NRO <input type="checkbox"/> NRE <input type="checkbox"/> Any other	

Note: Original cancelled cheque leaf bearing the name of the first holder is mandatory, failing which first security holder shall submit copy of bank passbook / statement attested by the Bank for registering the Bank Account details

Demat Account Number	16 digit DP/CL
----------------------	----------------

Also provide Client Master List (CML) of your Demat Account, provided by the Depository Participant.

Authorization: I / We authorise you (RTA) to update the above PAN and KYC details in my / our above folio(s) (use Separate Annexure if extra space is required) in which I / we are the holder(s). [strike off what is not applicable] Declaration: All the above facts and documents enclosed are true and correct.

	First Holder	Joint Holder - 1	Joint Holder - 2	Joint Holder - 3
Signature				
Name				
Address				
PIN				

Note: If the address mentioned above differs from the address registered with the Company, you are requested to record the new address by submitting the documents as specified in point (3) overleaf.

Annual Report 2021-22



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 (*w.e.f. 3rd September 2021*)

COMPANY SECRETARY AND CHIEF COMPLIANCE OFFICER

Sri. S. Venkatesh

REGISTERED OFFICE

SAKTHI FINANCE LIMITED

CIN : L65910TZ1955PLC000145
62, Dr. Nanjappa Road
Coimbatore - 641 018

Phone : (0422) 2231471-74, 4236200

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

Website : www.sakthifinance.com

REGISTRAR AND SHARE TRANSFER AGENTS

SKDC CONSULTANTS LIMITED

"Surya"

35, May Flower Avenue
Behind Senthil Nagar
Sowripalayam Road, Coimbatore - 641 028

Phone : (0422) 4958995, 2539835-836

Fax : (0422) 2539837

E-mail : info@skdc-consultants.com

Website : www.skdc-consultants.com

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited

"GDA House", First Floor

Plot No. 85, Bhusari Colony (Right)

Paud Road, Pune - 411 038

Phone : (020) 66807200

Fax : (020) 25280275

E-mail : dt@ctltrustee.com

Website : www.catalysttrustee.com

BANKERS

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

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 Fifth (65th) Annual General Meeting ("AGM") of the members of the Company will be held on **Wednesday, 28th September 2022 at 4.00 p.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 2022 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 15,00,000 numbers of Redeemable, Cumulative, Preference Shares of ₹ 100 each for the financial year ended 31st March 2022 declared by the Board of Directors on 14th February 2022 and paid on *pro rata* (as applicable) basis out of the profits of the company be and are hereby confirmed as final dividend.

3. Declaration of dividend on Equity Shares

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

RESOLVED THAT a dividend of ₹ 0.60 (6%) per equity share, as recommended by the Board of Directors, be declared for the financial year ended 31st March 2022 on 6,47,05,882 numbers of equity shares of ₹ 10 each out of the profits of the company for the said financial year and the said dividend be paid to those equity shareholders whose names stand on the Register of Members in case the equity shares are held in physical form and also to the beneficial holders of the dematerialised shares as per the details provided by the Depositories in case the equity shares are held in the electronic form, as on **Wednesday, 21st September 2022**.

4. Reappointment of Dr S Veluswamy (DIN: 05314999), 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 Dr S Veluswamy, holding DIN: 05314999, who retires by rotation and being eligible for reappointment, be and is hereby reappointed as a Director of the Company.

5. Appointment of Statutory Auditors

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

RESOLVED THAT pursuant to 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. CD.ARG/SEC.01/08.91.001/2021-22 dated 27 April 2021 ("RBI Guidelines") issued by Reserve Bank of India ("RBI") on RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force) read with the Policy on appointment of Statutory Auditors and pursuant to the recommendation of the Audit Committee, approval of the members of the Company be and is hereby accorded for appointment of M/s. CSK Prabhu & Co, Chartered Accountants (ICAI Firm Registration No: 0024855), as Statutory Auditors of the Company to hold office from the conclusion of this 65th AGM until the conclusion of the 67th AGM of the Company to conduct the audit of accounts of the Company for the years ending 31st March 2023 and 31st March 2024 on such remuneration plus out of pocket expenses, if any, as may be mutually agreed between the Company 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. Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 15 Crores

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

RESOLVED THAT pursuant to the provisions of Sections 42, 55 and any other applicable provisions of the Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any amendment(s), statutory modification(s) or re-enactment(s) thereof), the Memorandum and Articles of Association of the Company, any other applicable laws for the time being in force and subject to such other approvals as may be required from regulatory authorities from time to time, approval of the Company be and is hereby given to the Board of Directors ("**the Board**", which term shall include any Committee thereof which the Board may have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this resolution) to offer, issue and allot, in one or more tranches, 15,00,000 (Fifteen lakhs only) Redeemable, Cumulative, Preference Shares ("**Preference Shares**") of the face value of ₹ 100

each for cash at par for an amount not exceeding ₹ 1,500 lakh (Rupees One Thousand Five Hundred lakh only) on private placement basis to persons identified by the Board of Directors in their absolute discretion, whether or not such persons are members of the Company, on such terms and conditions as may be decided by the Board and subject to the following rights:

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

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

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

7. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 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 Act read with the Companies (Prospectus and Allotment of Securities) Rules 2014 and the Companies (Share Capital and Debentures) Rules 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions

of the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 ("**SEBI NCS Regulations**"), if applicable, the rules, regulations, guidelines, circulars and RBI directions as amended from time to time, the Memorandum and Articles of Association of the Company and subject to such other requirements as may be prescribed by regulatory authorities from time to time, the approval of the members of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as "**the Board**") which term shall be deemed to include any Committee duly constituted/ authorized Committee of the Board) to offer, issue and allot, listed / unlisted, Secured or Unsecured, Redeemable, Non-Convertible Debentures ("**NCDs**") and / or other Debt Securities on private placement basis, during the period commencing from the conclusion of Sixty Fifth Annual General Meeting until the conclusion of Sixty Sixth Annual General Meeting up to an amount not exceeding ₹ 750 crores, within the overall borrowing limits of the Company.

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

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

NOTES:

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

In view of the continuing COVID-19 pandemic situation, the Ministry of Corporate Affairs ("**MCA**") in its latest Circular No. 02/2022 dated 5th May 2022 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 and 21/2021 dated 14th December 2021 (collectively referred to as "**MCA Circulars**") and Securities and Exchange Board of India ("**SEBI**") has, by its Circular Nos. 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, issued by the Securities and Exchange Board of India (collectively referred to as "SEBI Circulars"), permitted companies whose AGMs are to be conducted on or before 31st December 2022, to hold their AGMs through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") not requiring the physical presence of the Members at a common venue. Considering the health and safety of all stakeholders including the members and in view of the surge of the Covid-19 infection, the 65th AGM of the Company is being conducted through VC/OAVM in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") read with the above circulars issued in this regard. The deemed venue for the 65th 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 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 and 7 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 and the details of Director seeking re-appointment**

The relevant Statement as required under Section 102 of the Act setting out the material facts in respect of Item No.5 and Special Business under Item Nos. 6 and 7 are annexed.

4. The relevant details of Director seeking re-appointment under Item No. 4 pursuant to Regulation 36(3) of the Listing Regulations and as required under Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is 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 or info@skdc-consultants.com.

8. **Electronic dispatch of the AGM Notice and the Annual Report 2022**

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 65th AGM along with Annual Report for the year 2022 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 65th AGM along with the Annual Report for the year 2022 will also be made available on the Company's website www.sakthifinance.com for their download. Members can request for a physical copy of the Annual Report 2022 by sending a request to the e-mail, investors@sakthifinance.com.

9. **Record Date and Dividend**

Wednesday, 21st September 2022 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 2022, 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 **Wednesday, 28th September 2022** to those shareholders or their mandatees:

- a. whose names appear as Beneficial Owners as at the end of the business hours on **Wednesday, 21st September 2022** 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; and
- b. whose names appear as Members in the Register of Members of the Company as at the end of the business hours on **Wednesday, 21st September 2022** 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 **Wednesday, 21st September 2022**.

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/ SKDC Consultants Limited (in case shares are held in physical mode) and with depositories (in case of shares held in demat mode).

Members are requested to send the forms to the E-mail id to investors@sakthifinance.com on or before **Wednesday, 21st September 2022**. No documents will be accepted after **Wednesday, 21st September 2022**.

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 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 Shares are held in physical form

Members are requested to send the following documents in original to investors@sakthifinance.com:

- a. A signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
 1. Name, Branch address of the Bank and Bank Account type (e.g. savings, current, etc.)
 2. Bank Account Number
 3. 11 digit IFS Code.
- b. Original cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. Self-attested PAN Card copy; and
- d. Self-attested photocopy of any document (such as Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

In case 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 shares in demat form 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 shares held in physical form, will not be automatically applicable to the dividend paid on 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. TRANSFER AND TRANSMISSION OF SHARES

Mandatory processing of Transfer and Transmission request in Demat form

As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from 1st April 2019. Further, SEBI has, by its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January 2022, mandated listed companies to issue securities in dematerialized form while processing service request for issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/exchange of securities certificate, endorsement, sub-division/splitting of securities certificate, consolidation of securities certificates/folios, transmission, transposition, etc.

In view of the above and to eliminate the risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to convert their holdings into dematerialised form.

Members are requested to contact the Depository Participant having registration with SEBI to open a Demat account or alternatively, contact the RTA to seek guidance with respect to the demat procedure. Members may also visit the website of depositories viz. National Securities Depository Limited, <https://nsdl.co.in/faqs/faq.php> or Central Depository Services (India) Limited, <https://www.cdslindia.com/investors/open-demat.html> for further understanding the demat procedure.

Simplified procedure for transmission of securities and Issuance of Duplicate Share certificates

SEBI has, by its Circular Nos. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/65 dated 18th May 2022 and SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/70 dated 25th May 2022, simplified the procedure and standardized the format of documents for transmission of securities and issuance of duplicate securities certificates. Members are requested to submit their requests, if any, along with the documents as per the said circular.

13. UPDATION OF MANDATORY KNOW YOUR CUSTOMER ("KYC") DETAILS

Shares held in physical form: SEBI has, by its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 3rd November 2021 read with clarificatory Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/687 dated 14th December 2021, mandated physical shareholders to furnish PAN, nomination, contact details (postal address with PIN, mobile number and E-mail address), bank account details (bank name and branch, bank account number and IFS Code) and specimen signature ('mandatory KYC').

Accordingly, Members holding shares in physical form are requested to complete the mandatory KYC by sending an E-mail request along with the duly signed **Form ISR-1 (Refer Annexure-3)** and other relevant forms to SKDC Consultants Limited at the **E-mail Id: green@skdc-consultants.com**.

As per SEBI circular, non-availability of any of the above documents/details with SKDC Consultants Limited on or after 1st April 2023 will result in freezing of the physical shareholders' folios.

Shares held in dematerialised form: Members holding shares in dematerialized form are requested to submit/update their KYC details with their respective Depository Participants.

14. PROCEDURE FOR INSPECTION OF REGISTERS AND DOCUMENTS

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send e-mail to **svnkatesh@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.

15. NOMINATION FACILITY

As per Section 72 of the Act, the facility for making nomination is available for the members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register it by submitting Form No. SH-13. Members are requested to submit the said details to their Depository Participants in case the shares are held in electronic form and to the Company's Registrar and Share Transfer Agent ("RTA") in case the shares are held in physical form, quoting the folio number.

16. 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 and 2014 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**.

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
2014-15: Dividend on Equity Shares	4th November 2022
2015-16: Dividend on Equity Shares	31st October 2023
2016-17: Dividend on Equity Shares	1st November 2024
2017-18: Dividend on Equity Shares	31st October 2025
2018-19: Dividend on Equity Shares	30th October 2026
2019-20: Dividend on Equity Shares	23rd January 2028
2020-21: Dividend on Equity Shares	4th November 2028

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

The members may note that in case dividend is not claimed for seven consecutive years, besides transfer of the unclaimed dividend to IEPF, the Company shall transfer the shares in respect of which the dividend was so unclaimed to the dematerialized account of IEPF under Section 124(5) of the Act and the IEPF Rules. Accordingly, the Company has transferred 4,86,516 equity shares of ₹ 10 each to the dematerialized account of IEPF authority during the financial years 2018, 2019, 2020 and 2021.

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

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

17. GREEN INITIATIVE

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

18. 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 Company's website, **www.sakthifinance.com**, notice board of the Company and on the website of CDSL, **www.evotingindia.com** within two days after the voting on the Resolutions at the Sixty Fifth AGM of the Company, viz. on

or before Friday, 30th September 2022 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 SKDC Consultants Limited for registration of e-mail addresses in terms of the MCA Circulars. Eligible Members who have not submitted their e-mail address to SKDC Consultants Limited are required to provide their e-mail address to SKDC Consultants Limited on or before 5:00 p.m. ("IST") on **Wednesday, 21st September 2022**. This Notice and the procedure for remote e-Voting along with the log-in ID and password for remote e-Voting will be sent to the e-mail address provided by the member.

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

a. Members holding shares in electronic form

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

b. Members holding shares in physical form

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

- i. a signed request letter mentioning your name, folio number and complete address
- ii. self-attested scanned copy of the PAN card and
- iii. self-attested scanned copy of any one of the documents (such as Aadhaar Card, Driving Licence, Voter ID Card and Passport) for proof of the address of the member as registered with the Company.

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

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

20. 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, SKDC Consultants Limited, "Surya", 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641 028, Phone : (0422) 4958995, 2539835-836, Fax : (0422) 2539837, **E-mail: green@skdc-consultants.com, Website: www.skdc-consultants.com.**

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

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 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. **Wednesday, 21st September 2022**, shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM. Any recipient of the Notice, who has no voting rights as on the cut-off date shall treat this Notice as intimation only.

A person who has acquired the shares and has become a member of the Company after the despatch of the Notice of the AGM and prior to the cut-off date i.e. **Wednesday, 21st September 2022**, 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 **Sunday, 25th September 2022 at 9.00 a.m.** and will conclude on **Tuesday, 27th September 2022 at 5.00 p.m.** During this period, the members of the Company holding shares either in physical mode or in demat mode as on the cut-off date i.e. **Wednesday, 21st September 2022** 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 in the paid up equity share capital of the Company as on the cut-off date i.e. **Wednesday, 21st September 2022**.

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.

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

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 shares in demat mode.

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

a. The voting period begins on **Sunday, 25th September 2022 at 9:00 a.m.** and ends on **Tuesday, 27th September 2022 at 5:00 p.m.** During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. **Wednesday, 21st September 2022**, 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.

c. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December 2020, under Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all

g. 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:

shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

d. 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.

e. 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.

f. 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.

Type of Member	Log-in Method
Individual Members holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL's Easi / Easiest facility, can log-in through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to log-in to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on log-in icon and select New System Myeasi. 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. CDSL/NSDL/ KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.

	<p>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available in www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/Evoting_login. 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.</p>
Individual Members holding securities in Demat mode with NSDL	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Log-in" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp. 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Log-in" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/ OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.
Individual Members (holding securities in Demat mode) log-in through their Depository Participants	<p>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.</p>

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

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

Log-in type	Helpdesk
Individual Members holding securities in Demat mode with CDSL	Members facing any technical issue in log-in can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact toll free no. 1800 22 55 33

Individual Members holding securities in Demat mode with NSDL	Members facing any technical issue in log-in can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
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Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

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

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

For Members other than individual members holding shares in Demat Form	
PAN	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number indicated/sent by the Company/RTA or contact Company/RTA.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to log-in. <ul style="list-style-type: none"> ● 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.

- i. After entering these details appropriately, click on "SUBMIT" tab.
- j. 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.
- k. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- l. Click on the EVSN of the Company, SAKTHI FINANCE LIMITED on which you choose to vote.
- m. 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.
- n. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- o. 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.
- p. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- q. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- r. 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.
- s. 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.

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

- Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to **www.evotingindia.com** and register themselves 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**.
- 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**, 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** 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** and on the website of CDSL i.e. **www.cdslindia.com** within two days of the passing of the Resolutions at the 65th 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 Regd. Office : 62, Dr Nanjappa Road, Coimbatore – 641 018 Phone : (0422) 2231471-74, 4236200 E-mail ID : sakthif_info@sakthifinance.com, investors@sakthifinance.com Website : www.sakthifinance.com
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Registrar and Transfer Agent	SKDC Consultants Limited "Surya", 35, Mayflower Avenue, Behind Senthil Nagar Sowripalayam Road, Coimbatore – 641 028 Phone : (0422) 4958995, 2539835-836, Fax: (0422) 2539837 E-mail ID : info@skdc-consultants.com Website : www.skdc-consultants.com
e-Voting Agency	Central Depository Services (India) Limited E-mail ID : helpdesk.evoting@cdslindia.com Toll free no.: 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 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 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, 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 7 of the accompanying Notice dated 11th August 2022.

ORDINARY BUSINESS

Item No.5

Appointment of Statutory Auditors

In compliance of RBI Circular dated 27th April 2021 on "Guidelines for appointment of Statutory Auditors of Banks and NBFCs" and based on the recommendation of Audit Committee and Board, M/s CSK Prabhu & Co. Chartered Accountants (ICAI Regn No. 0024855) were appointed as Statutory Auditors of the Company to hold office from the 64th AGM until the conclusion of the 67th AGM, which was approved by the members at the 64th AGM held on 30th September 2021.

Further, pursuant to the above RBI Circular, based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act 2013 with regard to the full-time partners, statutory and branch audit experience of the firm, capability, independence assessment, audit experience of banks, the Statutory Auditors can be appointed for a further period of 2 consecutive years to hold office from the conclusion of 65th AGM until the conclusion of 67th AGM to be held in the year 2024.

The Company has received confirmation from M/s. CSK Prabhu & Co, Chartered Accountants that their appointment, if made, will be within the specified limits under the Act and that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of Section 141 of the Act read with the Companies (Audit and Auditors) Rules 2014 and the said RBI Circular, Further, the statutory auditors have also confirmed that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and hold a valid Peer Review Certificate from the Peer Review Board of ICAI.

Accordingly, the Board of Directors, based on the recommendation of Audit Committee and subject to the approval of members, recommended their appointment for a further period of two (2) consecutive years.

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

Proposed statutory audit fee payable to auditors	Not exceeding an amount of ₹ 16 lakhs as statutory audit fees for the year ending 31st March 2023. The above fees exclude limited review, certification fees, applicable taxes and reimbursement of expenses.
Terms of appointment	M/s. CSK Prabhu & Co., Chartered Accountants, are recommended for appointment for a consecutive period of two years from the conclusion of the 65th Annual General Meeting until the conclusion of the 67th Annual General Meeting.
Material change in fee payable	There is no material change in fees payable for the auditors
Basis of recommendation and auditor's credentials	The recommendations are based on the fulfilment of the eligibility criteria prescribed by RBI guidelines and the Companies Act 2013 with regard to the full-time partners, statutory and branch audit experience of the firm, capability, independence assessment, audit experience of banks. <u>Brief Profile of M/s CSK Prabhu & Co, Chartered Accountants</u> M/s CSK Prabhu & Co is a firm of Chartered Accountants headquartered in Coimbatore. The firm was incorporated in the year 1979 by Sri.C.S.K. Prabhu FCA, Chartered Accountant. The firm is a 43 year old firm. The firm has 3 partners. The Firm provides Audit, Assurance, Taxation and Consultancy Services. The firm has experience in the following Sectors: Manufacturing, Textiles, Infotech, Finance and Banking, Retail and Trading, Jewellery, Food Processing, FMCG, Healthcare, NGO / NPO Charity and Education, Energy, Capital Goods, Chemicals and Fertilizers, Automobile Machinery and Construction etc. The firm holds a valid Peer Review Certificate from the Peer Review Board of ICAI, New Delhi.

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

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

SPECIAL BUSINESS

Item No.6

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

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

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

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

a	Particulars of the offer including date of passing of Board resolution	Redeemable, Cumulative Preference Shares Date of Board Meeting : 11th August 2022
b	Size of the issue and the number of preference shares to be issued and the nominal value of each share	The Company proposes to issue and allot up to 15,00,000 (Fifteen Lakhs only) Redeemable, Cumulative, Preference Shares of face value of ₹ 100 each for cash at par aggregating a nominal value not exceeding ₹ 15 crore to various persons/ entities identified by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any duly constituted / to be constituted Committee of the Board thereof to exercise its powers including powers conferred by this resolution) and whether or not they are members of the Company
c	Nature of such shares. i.e. cumulative or non-cumulative, participating or non-participating, convertible or non-convertible	Redeemable, Cumulative, Non-participating and Non-Convertible Preference Shares
d	Objectives of the issue	To increase net worth, to strengthen the Capital Adequacy Ratio and to meet the working capital requirements of the Company
e	Manner of issue of shares	On private placement basis
f	Price at which such shares are proposed to be issued	At par
g	Basis on which the price has been arrived at	None
h	Name and address of valuer who performed valuation	Not applicable
i	Terms of issue, including terms and rate of dividend on each share etc	As mentioned in the resolution in Item No 6 and the rate of dividend will be decided by the Board of Directors at the time of issue.
j	Terms of redemption, including the tenure of redemption, if any, redemption of shares at premium and if the preference shares are convertible, the terms of conversion	The period of redemption will be decided by the Board of Directors but in no case shall exceed a period of 20 years from the date of issue. Redemption of preference shares at premium is not applicable and there is no conversion of shares
k	Manner and modes of redemption	Out of profits and /or out of fresh issue of capital, as the case may be

l	Current shareholding pattern of the Company	Equity shareholding pattern as on 30th June 2022:		
		Category	No of Shares	% of equity capital
		Promoter and Promoter Group	4,33,63,007	67.02
		Banks, Financial Institutions and Mutual Funds	900	0.00
		Bodies Corporate including Overseas Corporate Body	1,56,13,396	24.13
		Non-Resident Indians	20,236	0.03
		Resident Individuals and Others	57,08,343	8.82
		Total	6,47,05,882	100.00
Detailed shareholding pattern is available on the website of the Company, i.e. www.sakthifinance.com and also available on the website of the BSE Ltd i.e. www.bseindia.com .				
m	Expected dilution in equity share capital upon conversion of preference shares	Not applicable		
n	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.		
o	Principal terms of assets charged as security, if applicable	Not applicable		

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

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

Item No.7

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

Borrowings through NCDs and other debt securities, issued on private placement basis form a significant source of funds for the Company. The borrowings of the Company presently aggregate approximately to ₹ 1,002 crore, of which Secured or Unsecured NCDs, Subordinated bonds and other debt securities, privately placed, aggregate approximately to ₹ 337 crore.

The Company expects to borrow an amount not exceeding ₹ 750 crore by way of NCDs and other debt securities during the period commencing from the conclusion of the Sixty Fifth Annual General Meeting until the conclusion of the Sixty Sixth Annual General Meeting. The issue proceeds are expected to be used to fund the hire purchase finance operations of the Company and for general working capital requirements.

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

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

Particulars of the offer including date of passing of Board resolution	Secured or Unsecured Redeemable, Non-Convertible Debentures ("NCDs") and Other Debt Securities in one or more series or tranches Date of Board Meeting : 11th August 2022
Kinds of securities offered and the price at which security is being offered	NCDs and other Debt Securities Face Value of NCDs : ₹ 1,000 each Other Debt Securities : At the discretion of the Board of Directors at the time of Issue

Basis or justification for the price (including premium, if any) at which the offer or invitation is being made	Not applicable
Name and address of valuer who performed valuation	Not applicable
Amount which the company intends to raise by way of such securities	For an amount not exceeding ₹ 750 crores in aggregate
Material Terms of raising of securities: Duration, if applicable, Rate of dividend or rate of interest, mode of payment and repayment	Terms NCDs : 15 to 36 months Other Debt Securities : At the discretion of the Board of Directors at the time of Issue Interest Rate : Not exceeding 12% per annum Mode of payment : NEFT / Cheque / DD Repayment : NEFT / Cheque / DD on the date of maturity
Proposed time schedule for which the offer letter is valid	Validity commencing from the conclusion of this AGM until the conclusion of the next AGM.
Purposes and objects of the offer	To finance the business operations and increased working capital requirements of the Company.
Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects	Promoters or Directors may subscribe to the offer.
Principal terms of assets charged as security, if applicable	Secured NCDs : Security cover will be equal to or more than one time of the debenture value.

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

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

By Order of the Board
 For Sakthi Finance Limited

S Venkatesh
 Company Secretary and Chief Compliance Officer
 FCS 7012

11th August 2022
 Coimbatore

Registered Office:

62, Dr Nanjappa Road
 Coimbatore – 641 018

CIN : L65910TZ1955PLC000145

Phone : (0422) 2231471-74, 4236200

Fax : (0422) 2231915

E-mail : investors@sakthifinance.com

Website : www.sakthifinance.com

DETAILS OF DIRECTOR SEEKING REAPPOINTMENT AT THE SIXTY FIFTH 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	Dr S Veluswamy
Item No	4
Director Identification Number ("DIN")	05314999
Date of birth and age	20th June 1959, 63 years
Date of appointment on the Board	29th May 2019
Qualifications	M Com, ACS, Ph.D
No of Board Meetings attended during the year out of 10 meetings	10
Expertise in specific functional areas	He holds a Master's Degree in Commerce from Madras University. He is also an Associate Member of The Institute of Company Secretaries of India. He has also received a Doctorate Degree in Commerce from Bharathiyar University. He has more than three decades of experience in secretarial, business operations and finance etc of the Company. He had already served as CFO of the Company from November 2014 to November 2015, Senior President from November 2015 to August 2017 and CEO of the Company from 10th August 2017 to 28th May 2019. He has also served as Director (Finance and Operations) and CFO of the Company from 29th May 2019 to 24th May 2022.
Directorships held in other Companies	Unlisted Public Companies 1. ABT Finance Limited 2. ABT Foods Limited 3. ABT Foods Agrovet Limited 4. Sakthifinance Commercial Vehicle and Infrastructure Limited Private Limited Companies 5. Sakthi Pelican Insurance Broking Private Limited
Memberships / Chairmanships of committee across public companies	Audit Committee 1. ABT Foods Limited 2. ABT Foods Agrovet Limited
Resignation during past 3 years from listed companies	Not applicable
No of equity shares held	Nil
Last drawn remuneration	₹ 34.06 lakhs
Relationship with other directors	None

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 65th 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, SKDC Consultants 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	No TDS in the following cases: If dividend payable or likely to be paid to a resident individual shareholder during financial year 2022-23 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 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 Individual (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.
Insurance Companies (Public / Other) or Mutual Funds specified under Section 10 (23D) or Alternative Investment Fund (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.

Footnote:
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
- 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.

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 2022-23 or the calendar year 2022 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 2022-23.</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, on or before **Wednesday, 21st September 2022**.

FORM ISR – 1

(SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 03, 2021 on Common and Simplified Norms for processing investor's service request by RTAs and norms for furnishing PAN, KYC details and Nomination)

REQUEST FOR REGISTERING PAN, KYC DETAILS OR CHANGES / UPDATION THEREOF

[For Securities (Shares / Debentures / Bonds, etc.) of listed companies held in physical form]

Date : / /

A. I / We, request you to Register / Change / Update the following (Tick ✓ relevant box)

<input type="checkbox"/> PAN	<input type="checkbox"/> Signature	<input type="checkbox"/> Mobile Number
<input type="checkbox"/> Bank details	<input type="checkbox"/> Registered Address	<input type="checkbox"/> E-mail address

B. Security and KYC Details (to be filled in by the First Holder)

Name of the Issuer Company		Folio No(s)	
Face value of Securities		Number of Securities	
Distinctive number of Securities (Optional)	From	To	
E-mail Address			
Mobile Number			

C. I/We are submitting documents as per Table below (tick ✓ as relevant, refer to the instructions):

Name(s) of the Security holder(s) in Capital as per PAN Copies of PAN of all the Holder(s) duly self-attested with date to be enclosed with this Form	PAN	PAN Linked to Aadhaar -Y/N Tick any one [✓] *
		Yes / No
		Yes / No
		Yes / No
		Yes / No

Note: * PAN shall be valid only if it is linked to Aadhaar by March 31, 2022, or any other date as may be specified by CBDT.
 To know the status of your Pan Linked to Aadhaar check on this link: <https://www.incometax.gov.in/iec/foportal>.

Bank Account Details of First Holder		
Name of the Bank & Branch	IFSC	
Bank A/c No.	Tick any one [✓]- Acct type <input type="checkbox"/> Savings <input type="checkbox"/> Current <input type="checkbox"/> NRO <input type="checkbox"/> NRE <input type="checkbox"/> Any other	

Note: Original cancelled cheque leaf bearing the name of the first holder is mandatory, failing which first security holder shall submit copy of bank passbook / statement attested by the Bank for registering the Bank Account details

Demat Account Number	16 digit DP/CL
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Also provide Client Master List (CML) of your Demat Account, provided by the Depository Participant.

Authorization: I / We authorise you (RTA) to update the above PAN and KYC details in my / our above folio(s) (use Separate Annexure if extra space is required) in which I / we are the holder(s). [strike off what is not applicable] Declaration: All the above facts and documents enclosed are true and correct.

	First Holder	Joint Holder - 1	Joint Holder - 2	Joint Holder - 3
Signature				
Name				
Address				
PIN				

Note: If the address mentioned above differs from the address registered with the Company, you are requested to record the new address by submitting the documents as specified in point (3) overleaf.

BOARD'S REPORT

To the Members

Your Directors are pleased to present their Sixty Fifth Annual Report together with the audited financial statements of your company for the year ended 31st March 2022.

1. FINANCIAL PERFORMANCE

(₹ lakh)

Particulars	2021 - 22	2020-21
Total Income (A)	18,135.11	17,133.66
Less : Finance Costs	10,775.85	10,532.96
Other Expenditure	4,541.78	4,133.85
Depreciation, Amortization and Impairment	1,525.44	1,209.41
Total Expenses (B)	16,843.07	15,876.22
Profit before Exceptional Items and Taxes (A-B)	1.292.04	1,257.44
Exceptional Items	-	-
Profit before Tax	1.292.04	1,257.44
Less : Provision for Tax:		
Current Tax	601.09	508.42
Deferred Tax	(260.93)	(176.77)
Profit after tax for the year	951.88	925.79
Balance brought forward from earlier years	3,455.87	3,089.90
Profit available for Appropriation	4,407.75	4,015.69
Add : Other Comprehensive Income / (Loss)	33.22	13.58
Less : Dividend paid on Equity Shares (2021 & 2020)	388.24	388.24
Statutory Reserve	190.38	185.16
Balance carried forward to Balance Sheet	3,862.35	3,455.87

2. BUSINESS

For the Financial year ended 31st March 2022, your Company disbursed an amount of ₹ 59,666 lakh in hire purchase financing operations as against ₹ 52,800 lakh disbursed during the previous year. The overall collection efficiency has been satisfactory. Your directors hope to achieve better business disbursements and profitability during the ensuing financial year.

3. COVID -19 PANDEMIC IMPACT

The second wave of Covid-19 pandemic which started in April 2021 continued till the middle of June 2021. This has caused significant loss of lives and livelihood to citizens throughout India. Further, this has also resulted in lockdowns in many States in India. Large-scale vaccination initiatives by the Government of India significantly reduced further impact of Covid-19 infection. Your Company's operations were kept suspended for seven (7) weeks during the first quarter. Not only the borrowers of our Company but also the

Company's disbursement and collections were impacted to a significant extent. Considering the borrowers in mind, RBI extended the Resolution Framework 2.0 for restructuring of the loans and our company extended this to our eligible borrowers. This has helped the borrowers to tide over the crisis and also provided sustenance to their livelihoods. With good monsoon and rising pent-up demand helped the economic recovery in the second half of the financial year with the improvement in collections and disbursement.

4. CHANGE IN NATURE OF BUSINESS, IF ANY

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

5. DIVIDEND

a. PREFERENCE SHARES

Your Directors have, at their meeting held on 14th February 2022, declared an interim dividend (including a *pro rata* dividend) of ₹ 8.25 per share on 8.25% Redeemable, Cumulative, Preference Shares of ₹ 100 each for the financial year ended 31st March 2022 amounting to ₹ 117.20 lakh, after deduction of tax deducted at source of ₹ 5.25 lakh.

b. EQUITY SHARES

Your Directors are pleased to recommend a dividend of ₹ 0.60 per equity share (6% on the face value of equity shares of ₹ 10 each) for the year ended 31st March 2022 amounting to ₹ 388.24 lakh, subject to deduction of tax, wherever applicable. Equity Dividend recommended by the Board of Directors for the financial year 2021-22, if approved by the members, will be recognized as a liability during the financial year 2022-23.

6. TRANSFER TO RESERVES

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

7. CAPITAL ADEQUACY

The Capital to Risk Assets Ratio ("CRAR") of your Company as on 31st March 2022 was 21.66%, 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 13.74% and Tier II stood at 7.92% respectively.

8. 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.

9. CHANGE IN THE CAPITAL

During the year, your Company has allotted 3,31,000 number of 8.25% Redeemable, Cumulative, Preference Shares of ₹ 100 each aggregating ₹ 331 lakh and redeemed

6,65,000 numbers of 9% Redeemable, Cumulative, Preference Shares of ₹ 100 each aggregating ₹ **665 lakh**. Accordingly, as at the end of the financial year, the total paid-up share capital stood at ₹ 7,970.59 lakh.

10. 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**.

11. PUBLIC ISSUE / REDEMPTION OF NON-CONVERTIBLE DEBENTURES

a. Public Issue of Secured, Redeemable, Non-Convertible Debentures for ₹ 10,000 lakh

During April 2022, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 5,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating ₹ 10,000 lakhs. The NCD issue opened on 11th April 2022 and closed early on 25th April 2022, as against the scheduled closure date of 5th May 2022. The Company received a subscription of ₹ 11,478.85 lakh. The Company made allotment of 10,00,000 NCDs aggregating ₹ 10,000 lakh to the eligible allottees on 29th April 2022. The NCDs have been listed and admitted for trading with BSE Limited with effect from 4th May 2022. The 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 28th March 2019 and 7th March 2020 respectively, your company has redeemed the Secured, Redeemable, Non-Convertible Debentures issued under Options III to V aggregating ₹ **1,934.80 lakh** (Principal: ₹ 1,661.32 lakh and Interest: ₹ 273.48 lakh) and Options I and II aggregating ₹ **4,074.21 lakh** (Principal: ₹ 3,663.66 lakh and Interest: ₹ 410.55 lakh). The repayments were made on 13th May 2022 and 7th May 2022 respectively to the Debenture holders.

12. DEPOSITS

The total deposits with the company as at 31st March 2022 stood at ₹ **7,981.13 lakh** as against ₹ 16,347.71 lakh as at the end of the previous year.

As at the end of the financial year 2021-2022, 181 public deposits aggregating ₹ **218.73 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, 65 deposits amounting to ₹ 79.03 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 2021-22, your Company has transferred unclaimed dividend, unclaimed matured

debentures, including interest, amounting to ₹ **12.01 lakh** to IEPF. Further, the Company has also transferred 30,443 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"), Dr S Veluswamy, Director (DIN: 05314999) will retire by rotation at the ensuing AGM of the Company and being eligible, offers himself for reappointment. The Board recommends his reappointment.

b. Number of Meetings of the Board

Ten (10) 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.

c. Key Managerial Personnel ("KMPs")

In terms of Section 203 of the Act, at present Sri M Balasubramaniam, Vice Chairman and Managing Director, Sri Srinivasan Anand, Chief Financial Officer and Sri S Venkatesh, Company Secretary and Chief Compliance Officer are the Key Managerial Personnel ("KMPs") of the Company.

d. Relinquishment of Director and KMP

Dr S Veluswamy has relinquished his executive responsibilities from the position of Director (Finance and Operations) and also resigned from the post of Chief Financial Officer of the Company as he intends to move ahead to assume larger responsibilities within the Group.

The Board of Directors have, at their meeting held on 24 May 2022, considered and accepted his relinquishment / resignation. But he will continue to be a Non-Executive, Non-Independent Director of the Company. He has been relieved from his executive responsibilities of the Company with effect from 24th May 2022.

The Board placed on record its sincere appreciation for the outstanding contributions made by Dr S Veluswamy during his long tenure with the Company and wishes him the very best in all his future endeavours.

e. Declaration by Directors

All the Directors of your Company have confirmed that they satisfy the "Fit and Proper" criteria as prescribed in RBI Master Direction No. DNBR. PD. 008/ 03.10.119/2016-17 dated 1st September 2016, as amended and that they are not disqualified from being appointed/continuing as Directors in terms of Section 164(2) of the Act.

f. Remuneration Policy

Company's policy on Director's appointment and remuneration including the criteria for determining

qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) of the Act are covered in the Corporate Governance Report which forms part of the Board's Report and said policy is available on the website of the Company, https://www.sakthifinance.com/wp-content/uploads/2022/04/Nomination-and-Remuneration-Committee_Charter.pdf. The policy on remuneration is enclosed in **Annexure 2**.

g. Independent Directors' Declaration

Dr A Selvakumar, Sri P S Gopalakrishnan, Smt. Priya Bhansali and Sri K P Ramakrishnan, who are Independent Directors, have submitted declarations that each of them meet the criteria of independence as provided in sub-section (6) of Section 149 of the Act and Regulation 25 of the Listing Regulations. Further, in terms of Regulation 25 of the Listing Regulations, they have also confirmed 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.

The 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 etc. and they also hold highest standards of integrity and are Independent 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 three 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.

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

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

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

- a. Dr A Selvakumar, Chairman
- b. Sri M Srinivaasan, Member
- c. Sri K P Ramakrishnan, Member

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year 2021-22, 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 2021-22 and hence 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 31 March 2022.

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 2021, 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 2022.

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:

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

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 2021-22, your company is required to spend ₹ 37 lakh towards CSR expenses. Your Company has spent ₹ **37.04 lakh** during the financial year 2021-22.

27. AUDITORS

a. Statutory Auditors

In terms of RBI Circular No. RBI/2021-22/25 Ref. No. DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated 27th April 2021 on "Guidelines for appointment of statutory auditors of banks and NBFCs" ("**RBI Circular**"), the Board of Directors had, at their meeting held on 3rd September 2021, based on the recommendations of Audit Committee, recommended the appointment of M/s. CSK Prabhu & Co., Chartered Accountants, Coimbatore (ICAI Firm Regn No: 0024855) as Statutory Auditors of the company for a continuous period of three (3) years from the conclusion of 64th AGM until the conclusion of 67th AGM of the Company, which was approved by the members at the 64th AGM held on 30th September 2021.

Further, in terms of the above RBI Circular, the Statutory Auditors are to be appointed each year based on the eligibility criteria etc. Accordingly, based on the recommendations of Audit Committee, Board and subject to the approval of the members at the 65th AGM, it is proposed to appoint M/s. CSK Prabhu & Co. (ICAI Firm Regn No: 0024855), Chartered Accountants, Coimbatore as Statutory Auditors of the company for a continuous period of two (2) years to hold office from the conclusion of 65th AGM until the conclusion of 67th AGM of the Company.

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

An Ordinary Resolution seeking the approval of members for the appointment of M/s. CSK Prabhu & Co., Chartered Accountants as Statutory Auditors forms part of the Notice convening the 65th AGM.

b. Adoption of Policy for appointment of Statutory Auditors

In compliance with the RBI Guidelines, during the financial year ended 31 March 2022, 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, to undertake the Secretarial Audit of your company for the year 2021-22. The Secretarial Audit Report (**Form MR-3**) for the financial year 2021-22 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 disqualifications, reservations, adverse remarks or disclaimers in the auditor's report and secretarial auditor's report.

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

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 : ₹ **116.12 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 operations in future.

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 2021-22 will be placed on the website of the Company, www.sakthifinance.com, within 60 days after conclusion of the 65th 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:

- a. no issue of shares with differential rights in relation to dividend, voting or otherwise;
- b. no issue of shares (including sweat equity shares) to Directors or employees of the Company;
- c. no scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
- d. no revision of financial Statements and the Board's Report of the Company;
- e. no failure to implement any corporate action;

- f. no deviation or variation in connection with certain terms of public issue, rights issue, preferential issue, etc;
- g. no suspension of the Company's securities;
- h. 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
- i. 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

11th August 2022
Coimbatore

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDIAN ECONOMY

Financial Year 2021-22 witnessed the Indian Economy growing at 8.7 per cent as compared to a contraction of 6.6 per cent in 2020-21, in GDP terms. The growth in Indian GDP, while most parts of the World were nursing downturns, was due to meritorious Economical and Fiscal management by the Government of India, ably supported by the entrepreneurs and vast consumers of India.

High levels of growth were in sectors such as Cement Production (by 21 per cent), Sales of Commercial Vehicles (26 per cent), Cargo handled by Railways (21 per cent) and at Airports (29 per cent). However, the damage caused by Covid-19 pandemic could be felt in the declines in Telephone subscriptions (3 per cent) and in purchase of Private Vehicles (7 per cent).

The increased exports, investments and rising consumer demand, which were aided by the Government's fiscal and monetary policies, raised the growth during the financial year 2021-22. Though the rural economy was also impacted by the Covid-19 pandemic, good monsoon, resulting in better harvest improved the economy of rural India.

COVID -19 PANDEMIC

During the first quarter of financial year 2021-22, the Covid-19 pandemic badly affected the people across the country for the second successive year. It caused enormous loss of lives and affected the livelihood of the people across the country. Lockdowns were also announced by many States which impacted the economy. Your Company faced lockdowns in its core areas of operation for seven (7) weeks during the first quarter. However, experience gained during its first attack during March to May 2020 and the extensive vaccination drive initiated by the Government of India significantly mitigated the further impact of Covid-19 infection.

After the second wave of Covid-19 pandemic, the economy started showing signs of recovery. As per the National Statistical Office ("NSO"), India's Gross Domestic Product ("GDP") grew 8.7 per cent during the financial year 2021-22. This has made India the one of the fastest growing major economies, as compared to World average of 3.6 per cent, China at 4.4 per cent and US and UK at 3.7 per cent.

OPPORTUNITIES AND THREATS

For the financial year 2021-22, the automobile industry recorded a growth of 15.4 per cent as against the decline of 6.1 per cent and 20.3 per cent in domestic sales during the financial years 2020-21 and 2019-20 respectively. Such an upsurge was due to the fillips given by the Government of India for augmenting the infrastructure in the country and by Reserve Bank of India's measures to boost liquidity and business confidence as well as pent-up demand. The Commercial Vehicle ("CV") Industry, which is considered to be an indicator of the state of economy, made a significant comeback mainly aided by the growth of infrastructure and construction segments.

During the year, not only the borrowers of our Company but also the Company's disbursements and collections were impacted to a significant level. Considering the various borrowers in mind, RBI extended the Resolution Framework 2.0 for restructuring of the loans and our Company also extended this to our eligible borrowers. This has helped the borrowers to tide over the crisis and also provided sustenance to their livelihoods. With good monsoon and rising demand helped the economic recovery in the second half of the financial year with the improvement in collections and disbursement.

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 2022-23, especially if the monsoon were to be normal. But the Covid-19 pandemic's impact, geo-political tension and supply chain disruption may pose a threat to the growth of the economy.

FORECAST ECONOMY IN FINANCIAL YEAR 2022-23

The GDP growth for the financial year 2022-23 has been estimated to be 7.2 per cent by RBI. The finance ministry had earlier estimated the economy to grow in the 8.0 per cent to 8.5 per cent range in 2022-23.

The International Monetary Fund ("IMF") has projected India's GDP growth to 8.2 per cent for the financial year 2022-23 from the earlier projection of 9 per cent due to the geo-political tension and the disruption of supply chains, resulting from the war in Ukraine.

KEY REGULATORY CHANGES

RBI had introduced Risk-Based Internal Audit to be undertaken by all deposit-taking NBFCs with effect from 1st April 2022. Accordingly, our Company has adopted a Risk-Based Internal Audit Policy.

Further, RBI has also, by its Master Direction - Non-Banking Financial Company - (Reserve Bank) Directions 2021 ("RBI Directions"), mandated maintenance of Liquidity Coverage Ratio ("LCR") with effect from 1st December 2021. Your Company has complied with the guidelines in this regard.

RBI has also notified "Scale Based Regulation ("SBR"): A Revised Regulatory Framework for NBFCs" on 22nd October 2021. This is an integrated framework with respect to capital requirements, governance standards, prudential regulation which comes into effect from 1st October 2022. Based on the criteria specified, your company falls under the NBFC - Middle Layer.

RBI has also, by its Circular dated 12th November 2021, provided clarifications on Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances ("IRACP"). RBI has also, by its another Circular dated 15th February 2022, clarified that some of the requirements will come into effect from 1st October 2022 only. Our Company is taking necessary steps to comply with the requirements of the said circular on or before the said date.

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 2021-22, your company disbursed Hire Purchase Advances to the extent of ₹ **596.66 crore** as against ₹ 528 crore in the previous financial year 2020-21, despite the lockdowns impacting your company.

As on 31st March 2022, the total deposits held by the company stood at ₹ **79.81 crore**, as against ₹ 163.48 crore as 31st March 2021. The total income for the financial year 2021-22 stood at ₹ **181.35 crore** and the net profit after tax for the year stood at ₹ **9.52 crore**, being 2.81 per cent higher than the previous year, mainly due to increase in revenue from operations. The company accounted for depreciation, amortization and impairment an amount of ₹ **15.25 crore** in the statement of profit and loss.

KEY FINANCIAL RATIOS

The following are the Key Financial Ratios of the Company for the financial year 2021-22 as against the financial year 2020-21.

Ratios	31st March 2022 (%)	31st March 2021 (%)
Return on Net Worth	5.97	5.56
Capital to Risk Adjusted Ratio ("CRAR"):		
- Tier I Capital	13.74	13.05
- Tier II Capital	7.92	9.47
Net Interest Income / Average Total Assets	5.72	5.31
Profit before Tax / Average Tax Assets	1.03	1.03
Total Debt / Net Worth	6.22	6.29
Interest Coverage Ratio	1.26	1.12
Gross NPA / Average Total Assets	4.74	4.85
Net NPA / Average Total Assets	1.88	2.31

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 NBFC, has been subject to normal industry risks posed to other NBFCs 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.

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.

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 Covid 19 second pandemic which started in April 2021 and continued up to June 2021, has affected all business segments, across all business sectors, including your company.

The prospect for growth depends on various factors. However, the increased level of exports, investments and rising consumer demand, which were aided by the Government's fiscal and monetary policies, raised the growth during the financial year 2021-22. Though the rural economy was also impacted by the Covid-19 pandemic, but good monsoon, better harvest has increased the economy of rural India and will lead to increased commercial activities in rural areas.

Your company will try its best to capture the pent-up and rising demand created by Covid-19 pandemic in the current financial year.

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

With the whole-hearted support from our loyal investor base, your company was able to mobilize Public Issue NCDs for ₹ 100 crores in the most challenging times during the current year.

HUMAN RESOURCES DEVELOPMENT

Your Company had a very harmonious and cordial relationship with all its employees during the financial year ended 2021-22. 500 permanent employees were on the rolls of the company as on 31st March 2022. 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

M Manickam

Chairman

DIN : 00102233

11th August 2022
Coimbatore

NOMINATION AND REMUNERATION POLICY ON APPOINTMENT AND REMUNERATION

(Forming part of Nomination and Remuneration Committee Charter)

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

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

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

i. Criteria of selection

- a. The candidate for Non-Executive Directors shall be persons of integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of finance, banking, accounts, taxation and general management.
- b. In the case of Independent Directors, that the candidate, in addition to the requirements under (a) above, should satisfy the criteria of independence as stipulated in the Companies Act 2013 and the Listing Regulations.
- c. The Nomination and Remuneration Committee while recommending a candidate for appointment as a Director, shall consider and get itself satisfied about the candidate's:
 - i. Qualification, experience and attributes in relevant field for appointment under Section 164 of the Companies Act 2013.
 - ii. Personal, Professional or business standing.
 - iii. Requirement with respect to Board's diversity.
 - iv. skills, knowledge, experience and capabilities required for being an Independent Director.
- d. In the case of reappointment, the performance evaluation of the Director and his level of participation will be considered.

ii. Remuneration to Non-Executive Directors

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

connection with participation in the Board / Committee Meetings.

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

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

i. Criteria for selection/appointment

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

ii. Remuneration

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

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

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

1. Based on the criticality of the role and responsibility of the Key Managerial Personnel ("**KMP**"), the NR Committee decides on the required qualifications, experience and attributes for the position and on the remuneration based on the industry benchmark and the current compensation trend in the market. The remuneration consists of fixed components like salaries, perquisites and a variable component comprising annual bonus, if declared. Based on the selection criteria laid as above and remuneration, the Committee identifies persons and recommends to the Board for consideration and appointment.
2. In respect of other Senior Management Employees, the NR Committee will recommend to the Board, all remuneration, in whatever form, payable to them for its approval.
3. Senior Management means Officers/Personnel of the Company who are members of its Core Management Team excluding Board of Directors comprising members of Management, one level below the Chief Executive Officer/ Managing Director, including Company Secretary, Chief Financial Officer and the functional heads.
4. Annual increments are given on time scale basis and further increase to deserving employees based on the performance review.

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 other stakeholders. Integrity, transparency and compliance with regulations in dealing with members, employees, customers, lenders, regulators and government agencies are the objectives of good corporate governance. The Company adopts and practices these principles of good Corporate Governance while ensuring integrity, transparency and accountability at all levels in the organisation.

2. Board of Directors

a. Composition and Category of Directors

As on 31st March 2022, the Board of Directors consists of eight (8) members. The Board has a Non-Executive Chairman, a Vice Chairman and Managing Director, a Whole-Time Director (Finance and Operations) and other five Non-Executive Directors, of which four are Independent Directors (including a Women Director), who bring in a wide range of skills, experience and expertise to the Board. The number of Independent Directors is 50% of the total number of Directors on the Board. The composition of the Board is in conformity with the provisions contained in 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 on the Company’s Board is a member of more than ten (10) Committees and Chairman of more than five (5) Committees (the Committees being Audit Committee and Stakeholders’ Relationship Committee) across all Companies in which they are Directors.

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

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 24th May 2022, after taking these declarations 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 2021-22, 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 29th March 2022 for the financial year 2021-22. 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 Meetings, 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 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, Policy Review Committee, Corporate Social Responsibility Committee, Asset Liability Management

Committee, Risk Management Committee, Information Technology ("IT") Strategy Committee, Finance and Investment Committee, Allotment Committee, NCD Issuance Committee and Special Investment Committee.

f. Relationship amongst Directors

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

g. Number of Board Meetings held during the year

During the financial year 2021-22, Ten (10) Board Meetings were held on 5th June 2021, 30th June 2021, 14th August 2021, 3rd September 2021, 30th September 2021, 13th November 2021, 16th December 2021, 14th February 2022, 12th March 2022 and 29th March 2022. 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.

i. Attendance and other Directorships

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

Name of the Director	Category of Director	Relationship with other Director(s)	Financial year 2021-22 Attendance at		No. of other directorships (a) (excluding Sakthi Finance Ltd)	Committee position (b)	
			Board Meeting (% of attendance)	Last AGM		Chairman	Member
Dr M Manickam DIN : 00102233	Non-executive Chairman, Promoter	Brother of Sri M Balasubramaniam and Sri M Srinivaasan	8 (80%)	Yes	8	-	1
Sri M Balasubramaniam DIN : 00377053	Vice Chairman and Managing Director, Promoter	Brother of Dr M Manickam and Sri M Srinivaasan	10 (100%)	Yes	9	-	2
Sri M Srinivaasan DIN : 00102387	Non-executive Director, Non-Independent	Brother of Dr M Manickam and Sri M Balasubramaniam	8 (80%)	Yes	7	-	2
Dr A Selvakumar DIN : 01099806	Non-executive Director, Independent	None	9 (90%)	Yes	2	1	-
Sri P S Gopalakrishnan DIN : 00001446	Non-executive Director, Independent	None	10 (100%)	Yes	3	3	-
Smt Priya Bhansali DIN : 00195848	Non-executive Director, Independent	None	10 (100%)	Yes	1	-	1
Sri K P Ramakrishnan DIN : 07029959	Non-executive Director, Independent	None	10 (100%)	Yes	2	1	-
Dr S Veluswamy* Director (Finance and Operations) and CFO DIN : 05314999	Executive Director, Non -Independent	None	10 (100%)	Yes	4	-	2

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

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.

The Company Secretary and Chief Compliance Officer attends 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.

Due to the Covid-19 pandemic, during the financial year 2021-22, meetings of the Board were held through video conference / physical in accordance with the provisions of law.

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>.

j. Performance Evaluation

In terms of the requirements of the Act and Schedule II Part D to the Listing Regulations, the Board of Directors have, at their meeting held on 29th March 2022, 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 Directorship in other companies as on 31st March 2022 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	Independent Independent
Sri K P Ramakrishnan	1. Sakthi Finance Limited	Independent
Dr S Veluswamy	1. Sakthi Finance Limited	Executive, Non-independent

m. 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

n. 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 chart, identified the core skills/ expertise/ competencies required in the context of its business and the sector for it to function effectively and those are available with the Board, the details of which are given below:

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
Dr M Manickam	√	√	√	√	√	√	√
Sri M Balasubramaniam	√	√	√	√	√	√	√
Sri M Srinivaasan	√	√	√	√	√	√	√
Dr A Selvakumar	√	√	√	√	√	√	√
Sri P S Gopalakrishnan	√	√	√	√	√	√	√
Smt Priya Bhansali	√	√	√	√	√	√	√
Sri K P Ramakrishnan	√	√	√	√	-	√	√
Dr S Veluswamy	√	√	√	√	√	√	√

3. COMMITTEES OF THE BOARD

A. Audit Committee

Terms of reference

The Company has adopted an amended Audit Committee Charter on 29th March 2022 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.

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 circular issued 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. Modified Opinions in the draft audit report
- g. Disclosure of any related party transactions
- h. Compliance with listing and other legal requirements relating to financial statements and
- i. Review the statement for uses/applications of funds raised through an issue (public issue, rights issue, preferential issue etc.) and the Statement of Deviation/Variations before submitting to stock exchanges on a quarterly basis and annual statement of funds utilized for purposes other than as mentioned in the offer document / prospectus / notice. Such review shall be conducted till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been fully received
6. Review the financial statements, in particular, the investments made in the unlisted subsidiary company, if any.
7. Review the utilization of the Loans / Investments by the holding company exceeding ₹ 100 crores or 10% of the asset size of the company, whichever is lower, including existing loans/advances/ investments.
8. 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.
9. To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation, etc., on the listed entity and its shareholders.

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

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

Composition

Chairman

1. Dr A Selvakumar, Independent Director

Members

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

Number of Meetings held and Attendance

The Committee held seven meetings during the financial year on 30th June 2021, 13th August 2021, 3rd September 2021, 13th November 2021, 14th February 2022, 12th March 2022 and 29th March 2022. The gap between any two meetings is within one hundred and twenty days only.

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar	7	7
Sri M Srinivaasan	7	6
Sri K P Ramakrishnan	7	7

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

B. Nomination and Remuneration Committee

The Company has adopted a revised Nomination and Remuneration Committee Charter on 29th March 2022. The role of Nomination and Remuneration Committee is as required under Section 178 of the Act and Regulation 19 read with Part D of Schedule II to the Listing Regulations.

Terms of reference

The terms of reference of the Committee includes the following:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMPs") and other employees and to ensure the following:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors as well as KMPs of the quality required to run the company successfully;
 - b. relationship of remuneration to performance is clear and meets the appropriate benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting the short and long-term performance, objectives appropriate to the working of the Company and its goals.
2. 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 roles 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:

- a. use the services of an external agencies, if required.
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates
3. The Nomination and Remuneration Committee determines and recommends remuneration including commission, perquisites and allowances payable to Vice Chairman and Managing Director;
 4. 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;
 5. Recommend on Board diversification;
 6. Formulate criteria and carry out evaluation of every Director's performance;
 7. Review and recommend the compensation and variable pay for Executive Directors and KMPs to the Board, remuneration payable to Senior Management; and
 8. Recommend to the Board about appointment and removal of Directors and senior management personnel.

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

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

Composition

Chairman

1. Sri P S Gopalakrishnan, Independent Director

Members

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

Number of Meetings held and Attendance

The Committee held two meetings during the financial year on 3rd September 2021 and 29th March 2022. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting.

Name	No. of meetings held	No. of meetings attended
Sri P S Gopalakrishnan	2	2
Dr A Selvakumar	2	2
Smt Priya Bhansali	2	2

Remuneration to Directors

For Vice Chairman and Managing Director

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

For Director (Finance and Operations) and CFO

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

For Non-Executive Directors

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

The details of remuneration/sitting fee paid to the executive/non-executive directors for the financial year 2021-22 and the shares held by them are given below.

Name of the Director	Salary	Commission	Perquisites	Sitting Fee	Total	No. of equity shares held
	(₹ Lakh)					
Dr M Manickam	-	-	-	3.50	3.50	92,813
Sri M Balasubramaniam	49.60	56.73	-	-	106.33	1,92,000
Sri M Srinivaasan	-	-	-	4.20	4.20	2,51,355
Dr A Selvakumar	-	-	-	9.90	9.90	300
Sri P S Gopalakrishnan	-	-	-	3.60	3.60	Nil
Smt Priya Bhansali	-	-	-	5.50	5.50	Nil
Sri K P Ramakrishnan	-	-	-	8.00	8.00	Nil
Dr S Veluswamy	34.06	-	-	-	34.06	Nil
Total				34.70	175.09	

Notes:

- The present tenure of appointment of Managing Director and Director (Finance and Operations) are governed by the Articles of Association of the company and the resolutions passed by the Board of Directors and members of the company. These cover the terms and conditions of such appointments.
- The Company has entered into agreements with Managing Director for a period of 5 years with effect from 29th September 2020 and with Director (Finance and Operations) for a period of 5 years with effect from 29th May 2019.
- 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 per cent of the total annual remuneration payable to all non-executive directors.

- 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.
- 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
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants /annual reports/statutory notices by the shareholders of the company.

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

Composition

Chairman

- Dr M Manickam

Members

- Sri M Balasubramaniam, Vice Chairman and Managing Director
- Dr A Selvakumar, Independent Director

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

C. Stakeholders' Relationship Committee

Terms of reference

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

Number of Meetings held and Attendance

The Committee held two meetings during the financial year on 8th April 2021 and 30th August 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr. M Manickam	2	2
Sri M Balasubramaniam	2	1
Dr A Selvakumar	2	2

One complaint was received and resolved during the financial year 2021-22. The Chairman of Stakeholders' Relationship Committee was present at the last Annual General Meeting.

Name, Designation and Address of Chief Compliance Officer

S. Venkatesh, Company Secretary and Chief 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. Policy Review Committee

Terms of reference

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

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

Composition

Chairman

- Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

- Dr A Selvakumar, Independent Director
- Smt Priya Bhansali, Independent Director
- Sri K P Ramakrishnan, Independent Director

The Committee held five meetings during the financial year on 5th June 2021, 13th August 2021, 13th November 2021, 11th December 2021 and 29th March 2022 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	5	5
Dr A Selvakumar	5	5
Smt Priya Bhansali	5	5
Sri K P Ramakrishnan	5	5

E. Corporate Social Responsibility ("CSR") Committee

Terms of reference

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

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

The Company has adopted a revised Corporate Social Responsibility ("CSR") Policy on 14th August 2021. The CSR Policy has been hosted on the website of the Company https://sakthifinance.com/wp-content/uploads/2021/08/sfl_Corporate_Social_Responsibility-policy.pdf.

Composition

The composition of CSR Committee is given below:

Chairman

- Sri P S Gopalakrishnan, Independent Director

Members

- Dr A Selvakumar, Independent Director
- Sri M Balasubramaniam, Vice Chairman and Managing Director

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

F. Asset Liability Management Committee

Terms of reference

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

The Committee was reconstituted by the Board of Directors at their meeting held on 13th November 2021. The present composition of the ALM Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

- Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

- Dr A Selvakumar, Independent Director
- Sri Srinivasan Anand, Chief Financial Officer
- Sri K S Venkitasubramanian, Chief Operating Officer
- Sri S Senthilkumar, Deputy General Manager (Finance and Accounts)

Number of Meetings held and Attendance

The Committee held three meetings during the financial year on 17th August 2021, 4th September 2021 and 15th November 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	3	3
Dr A Selvakumar	3	1
Dr S Veluswamy*	2	2
Sri Srinivasan Anand**	1	1
Sri K S Venkitasubramanian**	1	1
Sri S Senthilkumar	3	3

* member of the Committee up to 13th November 2021

** member of the Committee with effect from 13th November 2021

G. Risk Management Committee

Terms of reference

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

The Committee has been reconstituted by the Board of Directors at their meeting held on 13th November 2021. The present composition of the Risk Management Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Sri Srinivasan Anand, Chief Financial Officer
4. Sri K S Venkitasubramanian, Chief Operating Officer

Number of Meetings held and Attendance

The committee held two meetings during the financial year on 15th November 2021 and 12th March 2022 and the attendance of its members are given below.

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	2	2
Dr A Selvakumar	2	-
Dr S Veluswamy*	-	-
Sri Srinivasan Anand**	2	2
Sri K S Venkitasubramanian**	2	2

* member of the Committee up to 13th November 2021

** member of the Committee with effect from 13th November 2021

H. Information Technology ("IT") Strategy Committee

Terms of reference

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

The Committee has been reconstituted by the Board of Directors at their meeting held on 13th November 2021. The present composition of IT Strategy Committee, the number of meetings held and the attendance of its members are given below:

Composition

Chairman

1. Dr A Selvakumar, Independent Director

Members

2. Dr S Veluswamy, Director (Finance & Operations) and CFO
3. Sri Srinivasan Anand, Chief Financial Officer
4. Sri K S Venkitasubramanian, Chief Operating Officer
5. Sri M Purushothaman, Associate Vice President (HR)
6. Dr N Raveendran, Senior General Manager (EWS)

Number of Meetings held and Attendance

The committee held two meetings during the financial year on 12th August 2021 and 2nd December 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr A Selvakumar	2	2
Dr S Veluswamy	2	2
Sri M K Vijayaraghavan*	2	0
Sri Srinivasan Anand**	2	1
Sri K S Venkitasubramanian**	2	1
Sri M Purushothaman	2	1
Dr N Raveendran	2	2

* member of the Committee up to 13th November 2021

** member of the Committee with effect from 13th November 2021

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.

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

Composition

Chairman

1. Dr M Manickam

Members

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

Number of Meetings held and Attendance

During the financial year, Twelve meetings were held on 3rd April 2021, 23rd April 2021, 3rd May 2021, 17th May 2021, 5th June 2021, 23rd July 2021, 8th September 2021, 5th October 2021, 20th November 2021, 27th December 2021, 4th February 2022, 16th March 2022 for approving the borrowings / Investments of the company and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Dr. M Manickam	12	9
Sri M Balasubramaniam	12	12
Dr A Selvakumar	12	11

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.

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

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

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

Number of Meetings held and Attendance

During the financial year, eleven Meetings were held on 19th April 2021, 28th April 2021, 12th May 2021, 3rd June 2021, 22nd June 2021, 29th September 2021, 19th October 2021, 11th December 2021, 30th December 2021, 28th February 2022 and 30th March 2022 for allotting Preference Shares and other debt securities on private placement basis and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	11	11
Dr A Selvakumar	11	7
Sri K P Ramakrishnan	11	10

K. NCD Issuance Committee

Terms of reference

This Committee has been formed for the purpose of:

- a. authorization of any director or directors of the Company or other officer or officers of the Company, including by the grant of power of attorneys, to do such acts, deeds and things as such authorized person in his/her/its absolute discretion may deem necessary or desirable in connection with the issue, offer and allotment of the NCDs;
- b. giving or authorizing the giving by persons concerned of such declarations, affidavits, certificates, consents and authorities as may be required from time to time;
- c. appointing the lead manager(s) to the issue in accordance with the provisions of the SEBI NCS Regulations;
- d. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into with various commercial and other agreements, and/or, any/all government and regulatory authorities concerned in India, and/or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs;
- e. deciding, approving, modifying or altering the pricing and terms of the NCDs and all other related matters, including the determination of the size of the NCD issue up to the maximum limit prescribed by the Board;
- f. approval of the draft and final prospectus or disclosure document as the case may be (including amending, varying or modifying it, as may be considered desirable or expedient) as finalized in consultation with the Lead Managers, in accordance with all applicable laws, rules, regulations and guidelines;
- g. seeking the listing of the NCDs on any Indian stock exchange, submitting the listing application to such stock exchange and taking all actions that may be necessary in connection therewith;
- h. appointing the Registrars and other intermediaries to the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;

- i. finalization of and arrangement for the submission of the draft prospectus to be submitted to the Stock Exchange for receiving comments from the public and the prospectus to be filed with the Stock Exchange and any corrigendum, amendments, supplements thereto;
- j. appointing the Debenture Trustees and execution of the Trust Deed in connection with the NCD Issue, in accordance with the provisions of the SEBI NCS Regulations;
- k. authorization of the RTA for maintenance of register of NCD holders;
- l. finalization of the basis of allotment of the NCDs, including in the event of over-subscription;
- m. finalization of the allotment of the NCDs on the basis of the applications received; acceptance and appropriation of the proceeds of the NCD Issue; and
- n. to generally do any other act and/or deed, to negotiate and execute any document/s, application/s, agreement/s, undertaking/s, deed/s, affidavits, declarations and issue certificates and/ or to give such direction as it deems fit or as may be necessary or desirable with regard to the NCD Issue.

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

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

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

Number of Meetings held and Attendance

During the financial year, four meetings were held on 12th June 2021, 25th June 2021, 29th July 2021 and 25th March 2022 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	4	3
Dr A Selvakumar	4	4
Dr S Veluswamy	4	4

Year	AGM	Date	Time	Venue
2021	64th	30th September 2021	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
2020	63rd	17th December 2020	4.00 p.m	
2019	62nd	23rd September 2019	12.15 p.m	Smt. Padmavathi Ammal Cultural Centre 1548, Avinashi Road, Peelamedu Coimbatore - 641 004

L. Special Investment Committee

The Committee was constituted by the Board of Directors at their meeting held on 14th August 2021. The members of the Special Investment Committee are as under:

Composition

Chairman

1. Sri M Balasubramaniam, Vice Chairman and Managing Director

Members

2. Dr A Selvakumar, Independent Director
3. Smt Priya Bhansali, Independent Director
4. Sri K P Ramakrishnan, Independent Director
5. Dr S Veluswamy, Director (Finance and Operations) and CFO

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.

Number of Meetings held and Attendance

The Committee held one meeting during the financial year on 16th August 2021 and the attendance of its members are given below:

Name	No. of meetings held	No. of meetings attended
Sri M Balasubramaniam	1	1
Dr A Selvakumar	1	1
Smt. Priya Bhansali	1	1
Sri. K P Ramakrishnan	1	1
Dr S Veluswamy	1	1

4. SUBSIDIARY COMPANY

The company does not have any subsidiary company.

5. GENERAL BODY MEETINGS

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

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

Date of AGM	Particulars of Special Resolutions passed
30th September 2021 (64th AGM)	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
17th December 2020 (63rd AGM)	1. Re-appointment of Smt Priya Bhansali (DIN : 00195848) as an Independent Director for a second term of 5 years. 2. Re-appointment of Sri K P Ramakrishnan (DIN : 07029959) as an Independent Director for a second term of 5 years 3. Re-appointment of Sri M Balasubramaniam (DIN : 00377053) as Managing Director and payment of remuneration 4. Issue of Redeemable, Cumulative Preference Shares on private placement basis for an amount not exceeding ₹ 15 crore 5. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs") and / or other Debt Securities on private placement basis for an amount not exceeding ₹ 500 crore
23rd September 2019 (62nd AGM)	1. Re-appointment of Dr A Selvakumar (DIN : 01099806) as an Independent Director for a second term of 5 years 2. Re-appointment of Sri P S Gopalakrishnan (DIN : 00001446) as an Independent Director for a second term of 5 years 3. Issue of Secured or Unsecured, Redeemable, Non-Convertible Debentures ("NCDs" and/or other Debt Securities on private placement basis for an amount not exceeding ₹ 750 crore

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

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

6. MEANS OF COMMUNICATION

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

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

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

7. MANAGEMENT

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

8. DIRECTOR'S REAPPOINTMENT

Details of disclosure regarding reappointment of a Director retiring by rotation is given in the **Annexure-1** to the Notice.

9. GENERAL SHAREHOLDER INFORMATION

65th Annual General Meeting

Day, Date and Time : **Wednesday, 28th September 2022 at 4.00 p.m**

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

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

10. FINANCIAL CALENDAR FOR 2022-23

Unaudited financial results for the quarter ended June 2022	On or before 14th August 2022
Unaudited financial results for the quarter ending September 2022	On or before 14th November 2022
Unaudited financial results for the quarter ending December 2022	On or before 14th February 2023
Audited financial results for the year ending March 2023	On or before 30th May 2023
Annual General Meeting for the year ending March 2023	On or before 30th September 2023

11. DIVIDEND PAYMENT

On or after 28th September 2022 but within the stipulated time.

12. LISTING ON STOCK EXCHANGES AND STOCK CODE

a. Listing

The equity shares are presently listed on BSE Limited, 25th Floor, P J Towers, Dalal Street, Fort, Mumbai - 400 001. The listing fee has been paid to the exchange. The company has paid the annual custodial fee for the year 2022-23 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of beneficial accounts maintained by them as on 31st March 2022.

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

As per the terms and conditions of the Public Issue Prospectus dated 28th March 2019, your company has redeemed Non-Convertible Debentures issued under Options III, IV and V aggregating ₹ 1,661.32 lakh (Principal amount). The redemption was made on 13th May 2022 to the respective Debenture holders.

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I. Secured						
VI	INE302E07227	936684	10.00	Monthly	1,909.01	15 May 2023
VII	INE302E07235	936686	10.00*	Annual	292.14	15 May 2023
VIII	INE302E07243	936688	NA	Cumulative	1,541.34	15 May 2023
II. Unsecured						
IX	INE302E08027	936690	10.25	Monthly	2,084.53	15 June 2024
X	INE302E08035	936692	10.25*	Annual	106.70	15 June 2024
XI	INE302E08043	936694	NA	Cumulative	2,183.57	15 June 2024
Total					8,117.29	

* 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 2020

As per the terms and conditions of the Public Issue Prospectus dated 7th March 2020, your company has redeemed Non-Convertible Debentures issued under Options I and II aggregating ₹ 3,663.66 lakh (Principal amount). The redemption was made on 7th May 2022 to the respective Debenture holders.

The details of outstanding NCDs are given below:

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
I. Secured						
III	INE302E07276	937175	9.75	Monthly	811.80	8th August 2023
IV	INE302E07284	937177	9.75*	Annual	141.50	8th August 2023
V	INE302E07292	937179	NA	Cumulative	793.53	8th August 2023
VI	INE302E07300	937181	10.00	Monthly	1,894.23	8th June 2024
VII	INE302E07318	937183	10.00*	Annual	248.73	8th June 2024
VIII	INE302E07326	937185	NA	Cumulative	1,129.16	8th June 2024
II. Unsecured						
IX	INE302E08050	937187	10.25	Monthly	738.88	8th July 2025
X	INE302E08068	937189	10.25*	Annual	66.60	8th July 2025
XI	INE302E08076	937191	NA	Cumulative	798.22	8th July 2025
Total					6,622.65	

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

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

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

e. Details of NCDs listed with BSE Limited - NCD Public Issue 2022

Option	ISIN	Scrip Code	Coupon Rate (%)	Frequency of Interest Payment	Amount (₹ lakhs)	Date of Maturity
Secured						
I	INE302E07409	937973	8.50	Monthly	826.73	29th April 2024
II	INE302E07417	937975	NA	Cumulative	1,235.12	29th April 2024
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
Total					10,000.00	

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

Stock Exchange	Stock Code
BSE Limited, Mumbai	511066

g. **International Securities Identification Number (ISIN) (for Equity Shares)** **INE302E01014**

h. **Corporate Identification Number ("CIN")** **L65910TZ1955PLC000145**

i. 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 2021-22 are given below:

Month	BSE Price		BSE Sensex	
	High (₹)	Low (₹)	High	Low
April 2021	17.65	12.05	50,376	47,204
May 2021	16.90	13.71	52,013	48,028
June 2021	24.00	15.20	53,127	51,451
July 2021	25.90	22.10	53,291	51,803
August 2021	24.80	19.50	57,625	52,804
September 2021	21.00	17.00	60,412	57,264
October 2021	18.45	14.55	62,245	58,551
November 2021	17.90	16.05	61,037	56,383
December 2021	32.50	16.05	59,203	55,133
January 2022	32.50	25.25	61,475	56,410
February 2022	27.80	20.80	59,619	54,383
March 2022	24.55	20.75	58,891	52,210

REGISTRARS AND SHARE TRANSFER AGENTS		DEBENTURE TRUSTEE
SKDC Consultants Limited CIN : U74140MH1998PLC366529 (Unit: Sakthi Finance Limited) "Surya", 35, May Flower Avenue Behind Senthil Nagar Sowripalayam Road Coimbatore - 641 028 Phone : (0422) 4958995, 2539835-836 Fax : (0422) 2539837 E-Mail : info@skdc-consultants.com Website : www.skdc-consultants.com	For NCD Public Issue 3 to 6 Link Intime India Private Limited CIN : U67190MH1999PTC118368 C - 101, First Floor 247 Park, Lal Bahadur Shastri Marg Vikhroli (West), Mumbai - 400 083 Phone : (022) 4918 6200 Fax : (022) 4918 6195 E-mail : sakthifinance.ncd2022@linkintime.co.in Website : www.linkintime.co.in	Catalyst Trusteeship Limited CIN : U74999PN1997PLC110262 "GDA House" First Floor, Plot No. 85 Bhusari Colony (Right) Paud Road, Pune - 411 038 Phone : (020) 66807200 Fax : (020) 25280275 E-mail : dt@ctltrustee.com Website : www.catalysttrustee.com

j. Share Transfer System

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

Pursuant to Regulation 40(9) of the Listing Regulations, certificates, on half-yearly basis, have been issued by a Company Secretary in practice with regard to due compliance of share transfer formalities by the Company. 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.

13. DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2022

The distribution of shareholding as at 31st March 2022 is given below:

Shareholding	No. of share holders	% of share holders	No. of shares	% of shareholding
1 - 500	9,438	87.37	12,78,222	1.98
501 - 1,000	696	6.44	5,54,797	0.86
1,001 - 2,000	301	2.79	4,44,474	0.68
2,001 - 3,000	121	1.12	3,09,076	0.48
3,001 - 4,000	56	0.52	2,01,424	0.31
4,001 - 5,000	41	0.38	1,89,768	0.29
5,001 - 10,000	71	0.66	5,15,102	0.80
10,001 and above	78	0.72	6,12,13,019	94.60
Total	10,802	100.00	6,47,05,882	100.00

14. SHAREHOLDING PATTERN AS AT 31ST MARCH 2022

The shareholding pattern as at 31st March 2021 is given below:

Category	No. of Shares	Percentage
Promoters / Promoter Group	4,33,63,007	67.02
Other bodies corporate	1,11,52,064	17.24
Banks, Financial Institutions and Mutual Funds	900	0.00
Non-resident Incorporated Entity	44,50,000	6.88
Non-Resident Indians	22,680	0.04
Resident public	52,27,740	8.08
Unclaimed Shares Suspense Account	2,975	0.00
Investor Education and Protection Fund	4,86,516	0.74
Total	6,47,05,882	100.00

15. DEMATERIALISATION OF SHARES

The Company's shares are compulsorily traded in dematerialized form and are admitted for trading under both the depositories of India viz, namely National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). 5,82,35,857 Equity Shares of the Company constituting 90.00% of the paid-up equity capital were dematerialized as on 31st March 2022.

16. NOMINATION FACILITY

The company is accepting nomination forms from members in the prescribed Form SH-13. Any member, who is desirous of making a nomination, is requested to contact the Secretarial department at the Registered Office of the company or the Registrar and Share Transfer 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.

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

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

18. ADDRESS FOR CORRESPONDENCE

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

19. INVESTORS' CORRESPONDENCE

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

Contact Person : Sri K Marimuthu

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

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

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

20. CREDIT RATING

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

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

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

- 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.

22. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

23. DISCLOSURES RELATING TO UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) of the Listing Regulations, the company opened a dematerialized account 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 2022 are as follows:

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

The voting rights in the shares outstanding in the suspense account as on 31st March 2022 shall remain frozen till the rightful owners of such shares claim the shares.

24. OTHER DISCLOSURES

a. Related Party Disclosures

The details of transactions with related parties are disclosed in Note 44 of Notes forming an integral part of the financial statements. The Company has not entered into any other transactions of material nature with its promoters, directors or management, their relatives etc. that may have a potential conflict with the interest of the company at large. The policy on Related Party Transactions has been hosted on the website of the Company, www.sakthifinance.com. The register of contracts or arrangements containing the transactions in which the directors are interested or concerned is placed before the Board for 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

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

c. 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. P K Nagarajan & Co (FRN: 016676S), Chartered Accountants, Statutory Auditors and M/s C S K Prabhu & Co, Chartered Accountants, Statutory Auditors (FRN:002485S) for the financial year 2021-2022 are given below:

(₹ lakhs)

Particulars	M/s. P K Nagarajan & Co	M/s C S K Prabhu & Co
Statutory Audit	-	16.00
Other Services including reimbursement of expenses	10.76	8.76
Total	10.76	24.76

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 2021 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")" issued by RBI in its notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated

13th March 2020. Any application guidance/ clarifications/ directions issued by RBI or any other regulators are 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. Discretionary requirements

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

The Board	The Company does not maintain a separate office for Non-executive Chairman.
Shareholder Rights	The half-yearly financial results are published in leading newspapers and are also displayed on the Company's website, www.sakthifinance.com . Therefore, the results are not being sent separately to the shareholders.
Modified opinion in Auditor's Report	During the year under review, there was no Audit qualifications in the Auditor's Report on the Company's financial statements.

Reporting of Internal Auditor	The Company has appointed a Practicing Chartered Accountant as an internal auditor and he reports directly to the Audit Committee of the Company.
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n. 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.

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

p. CEO/CFO Certification

In accordance with Regulation 17(8) read with Part B of Schedule II to the Listing Regulations relating to CEO/ CFO certification, Vice Chairman and Managing Director and CFO have given necessary certificate to the Board for the financial year ended 31st March 2022.

q. Auditor's certificate on Corporate Governance

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

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

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	https://www.sakthifinance.com/board-of-directors/
2	Board Committees	The composition of various Committees of the Board	https://www.sakthifinance.com/board-of-directors/
3	Code of Conduct	The Code lays down the ethical standards that Directors and Senior Management Personnel have to observe in their professional conduct	https://www.sakthifinance.com/wp-content/uploads/2019/05/SFL_PIT_Regulations_Regulate_Monitor_Trading_May2019.pdf
4	Nomination and Remuneration Committee Charter	The Policy provides for the appointment / remuneration of directors and senior management personnel	https://www.sakthifinance.com/wp-content/uploads/2022/04/Nomination-and-Remuneration-Committee_Charter.pdf
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.	https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_AuditorApptPolicy_14August2021.pdf
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	https://www.sakthifinance.com/wp-content/uploads/2021/11/SFL_Int.guidance-on-Corp.gov_.pdf
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	https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL_Whistleblower-Policy_March-2022.pdf
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	https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL_Related-Policy-Transactions_March-2022.pdf
9	Familiarisation Programme	For Independent Directors through various programmes / presentations	https://www.sakthifinance.com/wp-content/uploads/2022/04/SFL-Familiarisation-programme-2022.pdf
10	Policy on determination of Materiality for Disclosure of Event / Information	The policy applies to disclosures of material events affecting the Company	https://www.sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf
11	Policy on Preservation of documents	The policy provides guidelines for archiving of corporate records and documents as required by various statutes	https://www.sakthifinance.com/wp-content/themes/sakthifinance/pdf/policies/Preservation-of-Documents-and-its-Archival.pdf
12	Corporate Social Responsibility Policy	The policy outlines the Company's strategic policy on society through programmes focussing on Health, Education etc	https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf
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	https://www.sakthifinance.com/wp-content/uploads/2019/05/SFL_Policy_on_Material_Event.pdf
14	Investor Education and Protection Fund ("IEPF")	Statement of unclaimed and unpaid amount of Dividend, Shares, Debentures and Deposits	https://www.sakthifinance.com/investor-information/

For and on behalf of the Board

M Manickam

Chairman

DIN : 00102233

11th August 2022
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 2022.

For Sakthi Finance Limited

11th August 2022
Coimbatore-18

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 06 April 2022.
2. The Corporate Governance Report prepared by Sakthi Finance Limited (hereinafter the "**Company**"), contains details as specified in 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 31 March 2022 and the said Report will be submitted by the Company to the Stock Exchange as part of the Annual Report.
3. We have examined the compliance of conditions of Corporate Governance by the Company for the year ended 31 March 2022, as stipulated in 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 Agreement of the Company entered into with the Stock Exchange.

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 31 March 2022 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 2021 to 31 March 2022.
 - a) Annual General Meeting ("AGM");
 - b) Board of Directors;
 - c) Audit Committee;
 - d) Nomination and Remuneration Committee;
 - e) Stakeholders' Relationship Committee;
 - f) Independent Directors' Meeting;
 - g) Asset Liability Management Committee;
 - h) Risk Management Committee;
 - i) Information Technology ("IT") Strategy 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.
 - viii) Performed necessary inquiries with the management and also obtained necessary specific representations from management.
10. The above-mentioned 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 an 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 31 March 2022, 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.

11th August 2022
Coimbatore

For CSK Prabhu & Co
Chartered Accountants
Firm Registration Number: 002485S
CSK PRABHU
Partner
Membership Number: 019811
UDIN:22019811A0XPXI5359

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 the 31st March 2022 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India ("**SEBI**"), the Ministry of Corporate Affairs, Government of India ("**MCA**") or such other Statutory Authority.

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

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

11th August 2022
 Coimbatore

For S. Krishnamurthy & Co.,
 Company Secretaries
 R.Sivasubramanian
 Partner
 Membership No. A22289
 Certificate of Practice No.12052
 UDIN : A022289D000799384
 Peer Review Certificate No. 733/2020

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ("CSR") ACTIVITIES FOR THE FINANCIAL YEAR 2021-22

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 2022):

Sl No	Name of Directors	No. of meetings held
1	Sri P S Gopalakrishnan, Chairman	-
2	Dr A Selvakumar, Member	-
3	Sri M Balasubramaniam, Member	-

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 : https://www.sakthifinance.com/wp-content/uploads/2021/08/SFL_Corporate-Social-Responsibility_Policy.pdf.

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

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

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

Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area		Project duration	Amount allocated for the project	Amount spent in the current financial Year	Amount trans-ferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing Agency	
			Yes / No	State						Dis-trict	Name
Not applicable											

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

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

Sl No	Financial year	Amount available for set-off from preceding financial years (₹)	Amount required to be set-off for the financial year, if any (₹)
Nil			

6. Average net profits of the company as per Section 135(5) : ₹ 1,850.09 lakh

7. (a) Two percent of average net profits of the company as per Section 135(5) : ₹ 37.00 lakh

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : Nil

(c) Amount required to be set off for the financial year, if any : Nil

(d) Total CSR obligation for the financial year (7a+7b-7c) : ₹ 37.00 lakh

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

Sl No	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area	Location of the project		Amount spent for the project (₹ lakh)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation through Implementing Agency	
			Yes / No	State	District			Name	CSR Registration number
1	NA	Education	Yes	TN	Cbe	11.35	No	1. The Vanavarayar Foundation Trust	CSR00025260
2		Health Care	Yes	TN	Cbe	5.00	No	2. Shanti Ashram	CSR00014490
3		Education	Yes	TN	Cbe	5.94	Yes	NA	NA
4		Health Care	Yes	TN	Cbe	13.55	Yes	NA	NA
5		Others	Yes	TN	Cbe	1.20	Yes	NA	NA
Total						37.04			

(d) Amount spent in Administrative Overheads : Not applicable

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

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 37.04 lakh

(g) 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)	Nil
ii	Total amount spent for the financial year	
iii	Excess amount spent for the financial year [(iii) - (i)]	
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)]	

9. (a) 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 section 135 (6)	Amount spent in the reporting Financial year (₹ lakh)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding years (₹ lakh)
				Name of the Fund	Amount	Date of Transfer	
1	-	Nil	Nil	NA	NA	NA	Nil

(b) Details of CSR amount spent in the financial year for on-going projects of the preceding financial year(s)

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) :

Sl No	Particulars	Amount (₹ lakh)
a	Date of creation or acquisition of capital asset(s)	Not applicable
b	Amount of CSR spent for creation or acquisition of capital asset	
c	Details of entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.,	
d	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	

11. 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

11th August 2022
 Coimbatore

Form No. MR-3
Annexure 5
Secretarial Audit Report for the financial year ended 31st March 2022

[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 2021 to 31st March 2022 ("**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 2022 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 2022, the Company has complied with the statutory provisions listed hereunder and has Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

1. Compliance with specific statutory provisions

We further report that:

- 1.1. We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year, according to the applicable provisions/ clauses of:
 - i. The Companies Act 2013 and the rules made thereunder ("**the Act**").
 - ii. The Securities Contracts (Regulation) Act 1956 and the rules made thereunder.

- iii. The Depositories Act 1996 and the regulations and bye-laws 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 (Issue and Listing of Debt Securities) Regulations 2008, which was replaced by the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021 with effect from 16th August 2021 ("**ILDS**");
 - b. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 ("**SAST**");
 - c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 ("**PIT**");
 - d. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("**LODR**"); and
 - e. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 ("**ICDR**").
- v. The following law is specifically applicable to the Company (Specific laws):
 - a. Chapter III B of the Reserve Bank of India Act, 1934 and the directions/guidelines/circulars/ notifications issued thereunder by the Reserve Bank of India ("**RBI**") to the extent applicable to a deposit taking non-banking financial company.
 - vi. The listing agreement entered into by the Company with BSE Limited ("**BSE**") (Agreement).
 - vii. Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment ("**FEMA**").
 - viii. Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial Standards).

1.2. During the period under review and also considering the compliance related action taken by the Company after 31st March 2022 but before the issue of this report, the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

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

- ii. Complied with the applicable provisions / Clauses of the Acts, Rules mentioned under sub-paragraphs (ii), (iii), (v), (vi) and (vii) of paragraph 1.1 above.
- 1.3. We are informed that during/ in respect of the year, due to non-occurrence of certain events, the Company was not required to comply with the following laws/ rules / regulations and consequently was not required to maintain any books, papers, minute books or other records or file any forms/ returns under:
- i. Foreign Exchange Management Act 1999 and the rules and regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings ("FEMA");
 - ii. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act 2013 and dealing with client;
 - iii. Securities and Exchange Board of India (Buy Back of Securities) Regulations 1998;
 - iv. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2009 which was replaced with Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2021 with effect from 10th June 2021; and
 - v. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 which was replaced by the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021 with effect from 13th August 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 2022, the Board has:
- i. 2 [Two] Executive Directors
 - ii. 2 [Two] Non-Executive Non-Independent Directors
 - iii. 4 [Four] Non-Executive Independent Directors, including a Woman Independent director.
- 2.3 The processes relating to the following change in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act and LODR:
- i. Re-appointment of Sri. M. Srinivaasan (DIN 00102387) as a Director, upon retirement by rotation at the 64th Annual General Meeting held on 30th September 2021.
- 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 was convened at a shorter notice, as required under Secretarial Standard (SS-1) 1.3.11 and the same has 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 is scope for improvement in the compliance systems and processes, keeping in pace with the growth in operations and increasing statutory and legal requirements.
- 4 Specific events/ actions**
- 4.1 During the year, the following specific events / actions having a major bearing on the Company's affairs took place, in pursuance of the above referred laws, rules, regulations and standards :
- i. Members have accorded their approval at the 64th Annual General Meeting held on 30th September 2021 by way of Special Resolution to offer, issue and allot, in one or more tranches, 15,00,000 (Fifteen Lakhs Only) Redeemable, Cumulative, Preference Shares with a face value of ₹ 100 each for cash at par for an amount not exceeding ₹ 15 Crores on private placement basis to persons identified by the Board of Directors.
 - ii. Members have accorded their approval at the 64th Annual General Meeting held on 30th September 2021 by way of Special Resolution, to offer, issue and allot, in one or more tranches, secured or unsecured, listed or unlisted, Redeemable, Non-Convertible Debentures ("NCD's") and/or other

debt securities for an amount not exceeding ₹ 500 Crores on private placement basis, during the period of one year commencing from the date of 64th Annual General Meeting.

- iii. The Company has issued and allotted 3,31,000 numbers of 8.25% Redeemable, Cumulative Preference Shares with a face value of ₹ 100 each during the year amounting to ₹ 3,31,00,000.
- iv. Redeemed 6,65,000 numbers of 9% Redeemable, Cumulative, Preference Shares aggregating ₹ 6,65,00,000 which was issued in the year 2018.
- v. Filed prospectus for public issue of Secured Redeemable Non-Convertible Debentures ("NCD's") up to ₹ 50 Crores with an option to retain over-subscription up to ₹ 50 Crores aggregating ₹ 100 Crores with Registrar of Companies, Tamilnadu, Coimbatore on 5th April 2022 and it has been filed with ROC on 5th April 2022. Based on this, 10,00,000 numbers of Non-Convertible Debentures of ₹ 1,000 each amounting to ₹ 100 Crores were issued, allotted

to the eligible allottees on 29th April 2022 and it has been listed and admitted for trading with BSE Limited with effect from 4th May 2022.

- (vi) Secured, Redeemable, Non-Convertible Debentures (Option III, IV and V) allotted under Public Issue Prospectus on 28th March 2019 amounting to ₹ 1,661.32 Lakhs and Secured Redeemable Non-Convertible Debentures (Option I and II) allotted under Public Issue Prospectus on 7th March 2020 amounting to ₹ 3,663.66 Lakhs were redeemed on 13th May 2022 and 7th May 2022 respectively.

For S Krishnamurthy & Co
 Company Secretaries

R.Sivasubramanian
 Partner

Membership No : A22289

Certificate of Practice No : 12052

UDIN : A022289D000799329

Peer Review Certificate No.733/2020

11th August 2022
 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 2022 is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31st March 2022 but before the issue of this report.
4. We have considered compliance related actions taken by the Company based on independent legal/ professional opinion / certification obtained as being in compliance with law.

5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as the same are being verified by and reported on by the Statutory Auditors.
7. We have obtained the Management's representation about compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Krishnamurthy & Co
 Company Secretaries

R.Sivasubramanian
 Partner

Membership No : A22289

Certificate of Practice No : 12052

UDIN : A022289D000799329

Peer Review Certificate No.733/2020

11th August 2022
 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 2021-22 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 2021-22

Sl No	Name and Designation of the Director	Remuneration for FY 2021-22 (₹ lakh)	Ratio to median remuneration
1	Dr M Manickam, Chairman	3.50	1.20 : 1
2	Mr M Balasubramaniam, Vice Chairman and Managing Director	106.33	36.29 : 1
3	Sri M Srinivaasan, Director	4.20	1.43 : 1
4	Dr A Selvakumar, Director	9.90	3.38 : 1
5	Sri P S Gopalakrishnan, Director	3.60	1.23 : 1
6	Smt Priya Bhansali, Director	5.50	1.88 : 1
7	Sri K P Ramakrishnan, Director	8.00	2.73 : 1
8	Dr S Veluswamy, Director (Finance and Operations) and CFO	34.06	11.62 : 1

B. Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2021-22

Sl No	Name and Designation of the Director / Key Managerial Personnel ("KMP")	Remuneration for FY 2021-22 (₹ lakh)	% increase in remuneration in FY 2021-22
1	Dr M Manickam, Chairman	3.50	84.21
2	Sri M Balasubramaniam, Vice Chairman and Managing Director	106.33	17.10
3	Sri M Srinivaasan, Director	4.20	75.00
4	Dr A Selvakumar, Director	9.90	65.00
5	Sri P S Gopalakrishnan, Director	3.60	20.00
6	Smt Priya Bhansali, Director	5.50	34.15
7	Sri K P Ramakrishnan, Director	8.00	60.00
8	Dr S Veluswamy, Director (Finance and Operations) and CFO	34.06	9.10
9	Sri Srinivasan Anand, Chief Financial Officer (see Note 2)	-	-
10	Sri S Venkatesh, Company Secretary and Chief Compliance Officer	16.14	4.40

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

2. Since Sri Srinivasan Anand, was appointed as Chief Financial Officer of the Company with effect from 3rd September 2021 only, the 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 2021-22	2.94%
b	The number of permanent employees on the rolls of the company as on 31st March 2022	500
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 2021-22 was 1.66% . Average Percentage (Increase/decrease) in the managerial remuneration for the year was 10.86% .
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 2021-22) 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 (%)
1	Sri M Balasubramaniam (63)	Vice Chairman and Managing Director	106.33	M.Com, MBA (USA) (37)	21/08/1985	Director, ABT Industries Limited	1,92,000 (0.30)
2	Sri Srinivasan Anand (68)*	Chief Financial Officer	41.56	B Com, ACA (45)	03/09/2021	Chief Audit Officer, ABT Foundation Limited	-
3	Dr S Veluswamy (63)	Director (Finance and Operations) and Chief Financial Officer	34.06	MCom, ACS, Ph.D (41)	01/04/1994	Asst Company Secretary, Sakthi Sugars Limited	-
4	Dr K Natesan (63)	President	26.79	MA, LLB, MBA, Ph.D (41)	03/04/1992	Asst Manager (Personnel), Tamilnadu Telecommunications Limited	150 (0.00)
5	Dr N Raveendran (62)	Senior General Manager (EWS)	21.16	BCom, MBA, Ph.D (41)	11/06/2009	Senior Manager (IT Services), Pricol Limited	-
6	Sri M Purushothaman (63)	Associate Vice President (HR)	20.63	BSc, MBA (39)	02/06/2010	Head - Strategic Planning, BK Group, Kolkata	-
7	Sri S Saravanakumar (45)	General Manager (Business and Collections)	19.32	BBM, MCA (19)	05/01/2015	Zonal Manager, HDB Financial Services Ltd	-
8	Sri Joseph Sagayaraj (59)	General Manager (Business Risk Management)	19.04	B Com (32)	01/12/2005	Regional Credit Manager, Cholamandalam Finance and Investment Company Ltd	-
9	Sri S Senthil Kumar (63)	Deputy General Manager (Finance and Accounts)	17.70	MCom, MBA, Diploma in Law (39)	11/06/2011	General Manager (Finance and Admin / Operations), Tarantella Fashions, A unit of TRADITION INTERNATIONAL, UAE	-
10	Sri Rajeev Chettada Kozhipurath (51)	General Manager (EWS)	17.41	B Tech (EEE) (24)	02/12/2019	Head of Delivery - Race 2 cloud	-

* Employed for part of the year

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 2021-22, 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 and Director (Finance and Operations) are contractual in nature.

For and on behalf of the Board

M Manickam
Chairman
DIN : 00102233

11th August 2022
Coimbatore

INDEPENDENT AUDITORS' REPORT

To
 The Members of Sakthi Finance Limited
 Report on the Audit of the financial statements

Opinion

- We have audited the Financial Statements of Sakthi Finance Limited ("**the Company**"), which comprise the balance sheet as at 31 March 2022, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "**the Financial Statements**").
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act 2013 ("**the Act**") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing ("**SAs**") specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We

Description of Key Audit Matter

are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("**ICAI**") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Emphasis of Matter

- We draw attention to Note 2(d) to the accompanying Financial Statements, which explains the estimation uncertainty relating to Covid-19 pandemic and management assessment of the probable material impact on the Company's operations and financial metrics, including the non-fulfilment of the obligations by the customers due to lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation. Our opinion is not modified in respect of this matter.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>5.1 Asset Classification</p> <p>Accuracy in identification and categorization of receivables from financing activities (loans) as performing and non-performing assets and in ensuring appropriate asset classification, existence and valuation of security/collaterals, income recognition, provisioning/ write-off thereof and completeness of disclosure including compliance with applicable guidelines/directions issued by Reserve Bank of India (RBI).</p> <p>As part of our risk assessment, we determined that accuracy of asset classification has bearing on the Financial Statements as a whole. Given the complexity of the matter, we determined this to be a Key Audit Matter.</p>	<p>Our Key Audit Procedures included the following:</p> <ul style="list-style-type: none"> We have assessed the systems and processes laid down by the company to appropriately identify and classify the receivables from financing activities including those in place to ensure appropriate asset classification, income recognition and provisioning/ write-off including non-performing assets, existence and valuation of security/collaterals as per applicable RBI guidelines/directions. The audit approach includes testing the existence and effectiveness of the control environment laid down by the management and conducting detailed substantive verification on selected samples of continuing and new transactions in accordance with the principles laid down in the Standards on Auditing and other guidance issued by the Institute of Chartered Accountants of India ("ICAI"). Agreements entered into regarding significant transactions including related to Loan Receivables have been examined to ensure compliance. We have also reviewed the reports generated from management information systems, audit/ inspection reports issued by the internal auditors and RBI.

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> The impact of all significant external and internal events including those if any, subsequent to Balance Sheet date have been taken into consideration for the above purposes. Compliance with material disclosure requirements prescribed by RBI guidelines and other statutory requirements have been verified.
5.2 Impairment of Loans (Expected Credit Losses)	
(Refer to the Accounting Policies in Note 2.f.(v) to the Financial Statements and Note 46 of the Financial Statements)	
<p>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"> Categorization of loans into Stage 1, 2 and 3 based on identification of: <ol style="list-style-type: none"> Exposures with significant increase in credit risk since their origination and Individually impaired / default exposures and determination of Exposure at Default ("EAD"). Techniques used to determine Loss Given Default ('LGD') and Probability of Default ('PD') to calculate ECL. The impact of different forward-looking information including future macro-economic conditions in the determination of ECL. <p>These judgements require new models to be built and implemented to measure the expected credit losses on certain financial assets measured at 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 respect of accounts where moratorium benefits had been extended based on RBI's Covid-19 Regulatory Package, assessment of impairment further depends on the possible impact of uncertainties associated with the Covid-19 pandemic in applying the judgement and estimates relevant for the impairment model. In view of such high degree of Management's judgement involved in estimation of ECL, it is considered as a key audit matter.</p>	<p>Our Key Audit Procedures included the following:</p> <ul style="list-style-type: none"> We obtained understanding of management's assessment of impairment of loans including the Ind AS 109 implementation process, impairment allowance policy and ECL modelling methodology. We assessed the design and implementation and tested the operating effectiveness of controls over the modelling process including governance over monitoring of the model and approval of key assumptions. We also assessed the approach of the Company for categorization of the loans into various stages reflecting the inherent risk in the respective loans. For a sample of financial assets, we tested the correctness of stage-wise categorization, reasonableness of PD, accuracy of LGD and ECL computation. We also assessed the appropriateness of the impairment methodology adopted by the management including the possible impact of the uncertainties associated with the Covid-19 pandemic. This included assessing the appropriateness of key judgements. We tested the accuracy of key data inputs and calculations used in this regard. <p>Based on the above work performed, management's assessment of impairment loss allowance and related disclosures are considered to be reasonable.</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>5.3 Information technology system</p> <p>The dependence of Information technology ("IT") system is run throughout the operating cycle of the company. Hence the reliability on Company's key financial accounting and reporting processes are tied with the effectiveness and efficiency of IT systems, IT controls over the voluminous transactions, process around such information systems and the usage of information from such systems. We observed that any probability of deficiencies in control over IT systems such as validation failures, incorrect input data, improper segregation of duties, unauthorized access to IT system, lack of monitoring may result in the financial accounts and report being misstated.</p> <p>In view of the same, we have considered this as Key Audit Matter and had focus on IT systems and controls, user access management, segregation of duties, system reconciliation controls and system application controls due to the complexity of the IT environment, huge daily operational volume across numerous locations and the reliance on automated and IT dependent manual controls.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> • IT infrastructure and applications relevant to the financial reporting. • Evaluating the IT policy and procedures of the Company in accordance with accepted standards, guidelines, practices and External Information Security ("IS") Audit performed in respect thereof. • Reviewing the organizational structure with job description, managerial policy and deployment of IT resources with respect to segregation of duties in IT environment to ensure that unauthorized data entry cannot take place and unauthorized programs are not allowed to run. • The aspects covered in the IT systems General Control audit were: <ul style="list-style-type: none"> (i) User Access Management (ii) System maintenance control has been ensured by understanding the design and the operating effectiveness of such controls in the system; • Understanding updates that were made to the IT landscape during the audit period and assessing the relevant information for financial reporting. • Application level embedded controls have been reviewed by performing validation checks, test check on logical access controls, a run through test to ensure non-manipulation of transaction entered into the system and other compensatory controls, wherever applicable.

Information other than the Financial Statements and auditor's report thereon

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

Management's and Board of Directors' Responsibilities for the Ind AS Financial Statements

10. The Company's management and Board of Directors are responsible for the matters stated in Section 134(5)

of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance including Other Comprehensive Income, Changes in Equity and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended.

11. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial 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.
12. In preparing the Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management and Board of Directors.
- Conclude on the appropriateness of management's and Board of Directors' use of the going concern basis of accounting in preparation of Financial Statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial

Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
18. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

19. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
20. (A) **As required by Section 143(3) of the Act, we report that:**
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with

the Companies (Indian Accounting Standards) Rules, 2015, as amended.

- e. On the basis of the written representations received from the directors as on 31 March 2022, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B" to this report.
20. (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Financial Statements - Refer Note 33 to the Ind AS Financial Statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund ("IEPF") by the Company except for ₹ 500 that has not been transferred to IEPF for the reason described in Note 18 to the Ind AS Financial Statements.
- d) i) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 37(i) to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- ii) The Management has also represented that, to the best of its knowledge and belief, as disclosed in Note 37(j) to the accounts, no funds have been received by the Company from any persons or entities, including

foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- e) i) The Equity dividend recommended in the previous year, declared and paid by the Company during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
- ii) The interim dividend declared and paid by the Company on Redeemable, Cumulative Preference Shares during the current year, is in accordance with Section 123 of the Act, to the extent it applies to declaration and payment of dividend.
- iii) As stated in Note 57 to the Ind AS Financial Statements, the Board of Directors of the Company have recommended an equity dividend for the year, which is subject to the approval of the members at the ensuing Annual General Meeting. Such equity dividend recommended by the Board of Directors is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.
20. (C) With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:
- In our opinion and according to the information and explanations given to us, the remuneration paid/ provided by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/ provided to directors is within the limits laid down under Section 197 of the Act.

Coimbatore
24th May 2022

For CSK Prabhu & Co.,
Chartered Accountants
Firm's Registration No: 002485S
CSK Prabhu
Partner
Membership No.019811
UDIN: 22019811ALRLSD1519

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

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the Annexure A referred to in the Independent Auditors' Report to the members of the Company on the Financial Statements for the year ended 31 March 2022, we report the following:

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

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

b) On the basis of our examination of the records of the Company, Property, Plant and Equipment have been physically verified by the management at reasonable intervals and further no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable.

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

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

e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings that have been initiated or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and the rules made thereunder. Refer Note 37(d) to the Ind AS Financial Statements.

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

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

iii. a) The Company is registered with Reserve Bank of India under Section 45-IA as a Non-Banking Financial Company and its principal business is to give loans.

Therefore, the provisions of Clause (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 50.5 to the Ind AS Financial Statements in accordance with the Indian Accounting Standards (Ind AS) and the guidelines issued by the RBI, the parties are repaying the principal amounts, as stipulated and are also regular in payment of interest, as applicable.

d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is a Non-Banking Financial Company ("NBFC") registered with Reserve Bank of India ("RBI") and carrying on the principal business of giving loans and the same are as per the loan agreements entered into with the borrowers and there are amounts of Principal and Interest overdue for more than ninety days, in respect of such loans and advances in the nature of loans given. Such amounts overdue for more than ninety days in loan account receivables are identified and disclosed by the Company as Stage-3/ Non-Performing Assets ("NPAs"), in accordance with the provisions of the applicable Accounting Standards and in accordance with the relevant guidelines of RBI respectively. The Company has explained to us that reasonable steps have been taken by the company for recovery of the principal and interest and the relevant Reserve Bank of India ("RBI") Guidelines/Directions have been followed in this respect. The overdue position as at 31 March 2022 is as follows: Number of such Overdue Receivables is 2,229 cases, Principal Amount Overdue is ₹ 3,738.65 Lakhs, Interest Amount Overdue is ₹ 778.13 Lakhs and Total Amount Overdue is ₹ 4,516.78 Lakhs.

- e) Since the Company's principal business is to give loans, reporting under Clause (iii)(e) of the Order is not applicable.
- f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment excepting for staff loans/advances which are granted without specifying any terms or period of repayment. The aggregate amount of such loans as at 31st March 2022 stood at ₹ 92.48 lakhs (Previous Year ₹ 96.62 lakhs) representing 0.001% (Previous Year 0.001%) to the Total Loans granted. There were no loans granted to Promoters, Related Parties as defined in Clause (76) of Section 2 of the Act which are repayable on demand or without specifying any terms or period of repayment, excepting for receivables as explained by the management to be in the ordinary course of business of the Company and not in the nature of loans.
- 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.
- b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no statutory dues relating to GST, Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Service Tax, Duty of Customs, duty of excise, Value Added Tax or Cess or other statutory dues, as applicable, which have not been deposited on account of any dispute, except as mentioned below:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)	Period 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	217.16	2015-16	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax	1328.29 (Gross Demand 1426.92 Less: Amount deposited under protest 98.63)	October 2009 to September 2014	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that there are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the requirement to report on Clause 3(viii) of the Order is not applicable.
- ix. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared as wilful defaulter by any bank or financial institution or other lender or government or government authority.
- c) In our opinion and according to the information and explanations given to us by the management, the term loans were applied for the purpose for which the loans were obtained.
- d) According to the information and explanations given to us and the procedures performed by us and on an overall examination of the Financial Statements of the Company, we report that no funds raised on short-term

basis have been used for long-term purposes by the Company.

- e) On an overall examination of the Financial Statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year. The Company does not have any subsidiaries, associates or joint ventures to report.
- f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as the Company does not have subsidiaries, associates or joint ventures. Hence, the requirement to report on Clause 3(ix)(f) of the Order is not applicable.
- x. a) The Company has raised moneys by way of further public offer of Non-Convertible Debentures during the current financial year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that the company has utilized such moneys raised for the purpose for which the funds were raised.
- b) The Company has not made any preferential allotment of shares or convertible debentures (fully, partially or optionally convertible) during the year. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made private placement of preference shares during the year and the requirements of Section 42 and Section 62 of the Act, have been complied with. Such funds raised by way of preference shares during the year have been used for the purposes for which the funds were raised.
- xi. a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the course of the audit.
- b) During the year and up to the date of this report, no report under Section 143(12) of the Act has been filed by secretarial auditor or by the predecessor auditors or by us in Form ADT – 4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c) According to information and explanations given to us and as represented to us by the management, there were no whistle blower complaints received by the Company during the year which are to be considered while determining the nature, timing and extent of our audit procedures.
- xii. The Company is not a Nidhi Company. Accordingly, Clause 3(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 44 of Ind AS Financial Statements)
- xiv. a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- b) We have considered all the internal audit reports issued to the Company for the period under audit.
- xv. According to the information and explanations given to us and in our opinion, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, Clause 3(xv) of the Order is not applicable.
- xvi. a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the registration thereunder has been obtained by the Company as Non-Banking Financial Company-Deposit-taking, Investment and Credit Company.
- b) According to the information and explanations given to us, the company has not conducted any Non-Banking Financial activities without a valid Certificate of Registration ("CoR") from the Reserve Bank of India as per the Reserve Bank of India Act, 1934, wherever applicable. The Company has not conducted any Housing Finance activities.
- c) According to the information and explanations given to us, the Company is not a Core Investment Company ("CIC") as defined in the regulations made by the Reserve Bank of India. Accordingly, Clause 3(xvi)(c) of the Order is not applicable.
- d) According to the information and explanations provided to us during the course of audit, the Group does not have any CICs as part of the Group.
- xvii. The Company has not incurred cash losses during the current financial year covered by our audit and in the immediately preceding financial year.
- xviii. During the year, the previous statutory auditors of the Company have resigned pursuant to the requirements of the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021, issued by the Reserve Bank of India, and there are no issues, objections or concerns raised by the outgoing auditors.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities (Refer Note 39 and Note 46 (Liquidity Risk) to the Ind AS Financial Statements), other information accompanying the Financial Statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities

existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. a) On the basis of information and explanations given to us by the Company, in respect of other than on-going projects, as at balance sheet date, the Company has no unspent amounts that are required to be transferred to a Fund specified in Schedule VII to the Act, within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of Section 135 of the said Act.

b) On the basis of information and explanations given to us by the Company, the Company has no 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 2013 requiring to be transferred to special account in compliance with the provision of sub-section (6) of Section 135 of the Act (Refer Note 38 to the Ind AS Financial Statements).

xxi. According to information and explanations given to us, the company does not have any Subsidiary/Associate/Joint Venture and therefore is not required to prepare and present consolidated Financial Statements pursuant to the provisions of any statute. Accordingly, reporting under Clause (xxi) of para 3 of the Order is not applicable.

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

Coimbatore
 24th May 2022

Membership No.019811
 UDIN: 22019811ALRLSD1519

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 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

1. We have audited the internal financial controls with reference to Financial Statements of Sakthi Finance Limited ("the Company") as at 31 March 2022 in conjunction with our audit of the Financial Statements of the Company as at and for the year ended on that date.
2. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

3. The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets,

the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.
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

Coimbatore
24th May 2022

CSK Prabhu
Partner
Membership No.019811
UDIN: 22019811ALRLSD1519

SAKTHI FINANCE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2022

(₹ Lakhs)			
Particulars	Note	As at 31st March 2022	As at 31st March 2021
ASSETS			
Financial Assets			
Cash and cash Equivalents	3	1,449.51	1,364.11
Bank Balances other than Cash and cash Equivalents	4	1,129.31	375.79
Derivative Financial Instruments		-	-
Receivables	5		
(i) Trade Receivables		169.25	182.41
(ii) Other Receivables		16.56	3.52
Loans	6	1,10,311.20	1,09,353.73
Investments	7	2,487.88	2,668.28
Other Financial Assets	8	1,712.91	1,830.43
Non-Financial Assets			
Current tax Assets (net)		17.40	-
Deferred tax Assets (net)	9	217.94	-
Investment Property	10	275.21	279.81
Property Plant and Equipment	11 (a)	5,946.63	6,122.29
Right of use assets	11 (b)	1,093.60	1,070.50
Intangible Assets under development	11 (c)	-	86.27
Other Intangible Assets	11 (d)	179.46	102.57
Other Non-Financial Assets	12	1,936.14	335.71
Total Assets		1,26,943.00	1,23,775.42
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables	13		
(I) Trade Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		0.28	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		127.76	140.62
(II) Other Payables			
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		175.13	151.48
Debt Securities	14	41,560.04	28,711.26
Borrowings (Other than debt securities)	15	15,565.69	23,059.16
Deposits	16	8,540.60	17,086.35
Subordinated Liabilities	17	39,530.77	33,480.06
Other Financial Liabilities	18	1,426.14	1,672.37

BALANCE SHEET AS AT 31ST MARCH 2022 (CONTD...)

(₹ Lakhs)

Particulars	Note	As at 31st March 2022	As at 31st March 2021
Non-Financial Liabilities			
Current tax Liabilities (net)		-	47.29
Provisions	19	122.65	118.09
Deferred tax Liabilities (net)	20	-	39.48
Other Non-Financial Liabilities	21	99.55	68.47
EQUITY			
Equity Share Capital	22	6,470.59	6,470.59
Other Equity	23	13,323.80	12,726.94
Total Liabilities and Equity		<u>1,26,943.00</u>	<u>1,23,775.42</u>
The accompanying Notes form an integral part of the Financial Statements	1 -59		

See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co

Chartered Accountants

Firm Regn. No.: 0024855

CSK PRABHU

Partner

Membership No. 019811

Place : Coimbatore

Date : 24th May 2022

For and on behalf of the Board

M. BALASUBRAMANIAM

Vice Chairman and Managing Director

DIN : 00377053

M. MANICKAM

Chairman

DIN : 00102233

S. VENKATESH

Company Secretary and

Chief Compliance Officer

FCS 7012

SRINIVASAN ANAND

Chief Financial Officer

Membership No.020694

SAKTHI FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	Note	For the year ended 31st March 2022	For the year ended 31st March 2021
REVENUE FROM OPERATIONS			
Interest Income	24	17,566.97	16,597.96
Rental Income		29.62	3.52
Fees and Commission Income	25	321.49	313.23
Sale of power from Wind Mills	26	177.88	181.07
Recovery of Bad Debts		37.75	37.01
Total Revenue from operations		18,133.71	17,132.79
Other Income	27	1.40	0.87
Total Income		18,135.11	17,133.66
Expenses			
Finance Costs	28	10,775.85	10,532.96
Fees and commission expense		183.02	188.08
Impairment on financial instruments	29	1,034.37	787.71
Employee Benefits Expense	30	2,895.60	2,604.20
Depreciation and Amortization Expense	31	491.07	421.70
Other Expenses	32	1,463.16	1,341.57
Total Expenses		16,843.07	15,876.22
Profit before Exceptional and Extraordinary Items and Tax		1,292.04	1,257.44
Exceptional Items		-	-
Profit before Tax		1,292.04	1,257.44
Tax Expense:		340.16	331.65
- Current Tax		601.09	508.42
- Deferred Tax		(260.93)	(176.77)
Profit for the year		951.88	925.79
Other Comprehensive Income			
(A) Items that will not be reclassified to profit or loss			
- Fair value changes in Equity Instruments		22.78	11.94
- Actuarial Changes in Defined benefit obligation		13.95	2.19
- Income Tax relating to items that will not be reclassified to profit or loss		(3.51)	(0.55)
Sub Total (A)		33.22	13.58
(B) Items that will be reclassified to profit or loss			
Total Other Comprehensive Income (A+B)		33.22	13.58
Total Comprehensive Income		985.10	939.37
Earnings per Equity Share			
Face Value per Equity Share (₹)		10.00	10.00
- Basic (₹)		1.52	1.45
- Diluted (₹)		1.52	1.45
The accompanying Notes form an integral part of the financial statements	1-59		

See accompanying Notes to the Financial Statements

As per our report of even date

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

CSK PRABHU

Partner

Membership No. 019811

Place : Coimbatore

Date : 24th May 2022

For and on behalf of the Board

M. BALASUBRAMANIAM
 Vice Chairman and Managing Director
 DIN : 00377053

M. MANICKAM
 Chairman
 DIN : 00102233

S. VENKATESH
 Company Secretary and
 Chief Compliance Officer
 FCS 7012

SRINIVASAN ANAND
 Chief Financial Officer
 Membership No.020694

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022

A. EQUITY SHARE CAPITAL - (Issued, Subscribed and fully paid-up) (Refer Note 22)
Current reporting period and previous reporting period

Particulars	As at 31st March 2022	As at 31st March 2021
Balance at the beginning of the current reporting period	6,470.59	6,470.59
Changes in Equity Share Capital due to prior period errors	-	-
Restated Balance at the beginning of the current reporting period	6,470.59	6,470.59
Changes in equity share capital during the current year	-	-
Balance at the end of the current reporting period	6,470.59	6,470.59

B. OTHER EQUITY (Refer Note 23)

(1) Current reporting period (1st April 2021 to 31st March 2022)

(₹ Lakhs)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Items of Other Comprehensive Income						Money received against share warrants	Total	
			Capital Reserve	Securities Premium	General Reserve	Other Reserves (as per Section 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			Actuarial changes in defined benefit obligations
Balance at the beginning of the current reporting period 1st April 2021	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	-	-	-	12,726.94
Changes in accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting period	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	-	-	-	12,726.94
Total Comprehensive Income for the year	-	-	-	-	-	-	951.88	22.78	-	-	-	-	-	10.44	985.10
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	-	(388.24)
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	190.38	(190.38)	-	-	-	-	-	-	-	-
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March 2022	-	-	52.61	1,429.80	4,436.00	3,543.05	3,852.17	(14.20)	-	-	-	-	-	24.37	13,323.80

(2) Previous reporting period (1st April-2020 TO 31st March 2021)

(₹ 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	Actuarial changes in defined benefit obligations		
Balance at the beginning of the current reporting period 1st April 2020	-	-	52.61	1,430.92	4,436.00	3,167.51	3,126.52	(48.92)	-	-	-	12.30	-	12,176.94	
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restated balance at the beginning of the current reporting period	-	-	52.61	1,430.92	4,436.00	3,167.51	3,126.52	(48.92)	-	-	-	12.30	-	12,176.94	
Total Comprehensive Income for the year	-	-	-	-	-	-	925.79	11.94	-	-	-	1.63	-	939.36	
Dividends	-	-	-	-	-	-	(388.24)	-	-	-	-	-	-	(388.24)	
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer to Statutory Reserve	-	-	-	-	-	185.16	(185.16)	-	-	-	-	-	-	-	
Issue Expenses on Preferential Issue of Equity Shares	-	-	-	(1.12)	-	-	-	-	-	-	-	-	-	(1.12)	
Balance as at 31st March 2021	-	-	52.61	1,429.80	4,436.00	3,352.67	3,478.91	(36.98)	-	-	-	13.93	-	12,726.94	

See accompanying Notes to the Financial Statements

As per our report of even date

For CSK Prabhu & Co.,

Chartered Accountants

Firm Regn. No. : 0024855

CSK PRABHU

Partner

Membership No. 019811

Place : Coimbatore

Date : 24th May 2022

For and on behalf of the Board

M. BALASUBRAMANIAM

Vice Chairman and Managing Director

DIN : 00377053

M. MANICKAM

Chairman

DIN : 00102233

S. VENKATESH

Company Secretary and

Chief Compliance Officer

FCS 7012

SRINIVASAN ANAND

Chief Financial Officer

Membership No.020694

(₹ Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
A. Cash flow from Operating activities		
Profit before tax	1,292.04	1,257.44
Adjustment to reconcile profit before tax to net cash flows :		
Non-cash expenses		
Depreciation, amortisation	491.07	421.70
Impairment on Loan Assets	878.54	641.18
Bad debts and write-offs	157.35	166.76
Remeasurement gain/(loss) on defined benefit plans	13.95	2.19
Impairment on investments	3.17	3.46
Impairment on Trade receivables	(4.69)	(23.69)
Amortization of fees and Commission on financial liabilities	268.34	273.89
Income/expenses considered separately		
Income from investing activities	(377.04)	(252.83)
Net gain/loss on derecognition of property, plant and equipment	0.12	0.22
Finance costs	10,775.85	10,532.96
Operating profit before working capital changes	13,498.70	13,023.28
Movements in Working Capital:		
Decrease/(increase) in loans	(1,993.36)	(3,115.49)
Decrease / (increase) in Trade receivables	17.85	78.64
Decrease / (increase) in other receivables	(13.04)	5.17
Decrease / (increase) in other financial assets	134.35	344.83
Decrease / (increase) in other non-financial assets	(1,587.65)	(69.53)
Increase / (decrease) in Trade Payables	(15.84)	(23.75)
Increase / (decrease) in Other Payables	23.65	49.49
Increase / (decrease) in other financial liabilities	(300.77)	63.21
Increase / (decrease) in other non- financial liabilities	31.09	(23.42)
Increase /(decrease) in Provisions	4.56	(3.64)
Cash generated from operations	(3,699.16)	(2,694.49)
Income taxes paid (net of refunds)	(665.78)	(424.34)
Interest received on Bank deposits	158.80	31.66
Finance costs paid	(9,082.00)	(9,296.71)
Net Cash flows from / (used in) operating activities (A)	210.56	639.40
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(324.69)	(140.66)
Proceeds from sale of investments at amortised cost	200.00	-
Proceeds from sale of property, plant and equipment and intangible assets	0.03	0.35
Interest income received from investment at amortised cost	218.24	221.17
Increase in earmarked balances with banks	(753.52)	93.60
Net cash flows from / (used in) investing activities (B)	(659.94)	174.46

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022 (CONTD...)

(₹ Lakhs)

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue Expense of Debt Securities / Equity Shares	(12.78)	56.48
Proceeds from borrowings through debt securities	18,779.68	13,474.41
Repayment of borrowings through debt securities	(5,990.96)	(16,277.81)
Proceeds from borrowings through Deposits	-	702.12
Repayment of borrowings through Deposits	(8,601.79)	(2,738.22)
Proceeds from borrowings other than debt securities	-	5,600.00
Repayment of borrowings other than debt securities	(3,528.23)	(3,870.19)
Proceeds from borrowings through subordinated liabilities	5,090.47	3,837.70
Repayment of borrowings through subordinated liabilities	(763.89)	(831.21)
(Increase) / decrease in loan repayable on demand	(4,050.93)	25.04
Lease liability paid	1.45	(152.62)
Dividend paid	(388.24)	(388.24)
Net cash flows from financing activities (C)	534.78	(562.54)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	85.40	251.32
Cash and cash equivalents at the beginning of the year	1,364.11	1,112.79
Cash and cash equivalents as at the year ended	1,449.51	1,364.11
Net cash provided by / (used in) Operating Activities includes:		
Interest received	17,189.93	16,345.13
Interest paid	(9,082.00)	(9,296.71)
Net cash provided by / (used in) operating activities	8,107.93	7,048.42
Cash and cash equivalents at the end of the year:		
i) Cash in hand	270.41	714.34
ii) Cheques on hand	48.71	540.37
iii) Balances with banks (of the nature of cash and cash equivalents)	1,130.39	109.40
Total	1,449.51	1,364.11

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

See accompanying Notes to the Financial Statements

As per our report of even date

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

CSK PRABHU
Partner
Membership No. 019811

Place : Coimbatore
Date : 24th May 2022

For and on behalf of the Board

M. BALASUBRAMANIAM
Vice Chairman and Managing Director
DIN : 00377053

M. MANICKAM
Chairman
DIN : 00102233

S. VENKATESH
Company Secretary and
Chief Compliance Officer
FCS 7012

SRINIVASAN ANAND
Chief Financial Officer
Membership No.020694

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1. Company Overview

Sakthi Finance Limited (“SFL” or “the Company”) is a public limited Company having its Registered Office at 62, Dr. Nanjappa Road, Coimbatore, Tamilnadu - 641018.

The Company is a deposit-taking Non-Banking Financial Company (“NBFC”) registered with Reserve Bank of India (“RBI”) vide certificate No. 07-00252 dated 8th May 1998. By virtue of RBI Circular dated 22nd February 2019, the Company has been classified as an NBFC Investment and Credit Company (NBFC-ICC). The Company mainly is engaged in the business of Hire Purchase Financing for Commercial Vehicles, Infrastructure Equipment, Machineries, etc. The Equity Shares and Non-Convertible Debentures of the Company are listed on BSE Limited.

The Board of Directors have at their meeting held on 24th May 2022, approved the Financial statements of the Company for the year ended 31st March 2022.

2. Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (“Ind AS”) notified under Section 133 of the Companies Act 2013 (“the Act”) read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 (as amended from time to time) and the relevant provisions of the Act as applicable, Master Direction - Non-Banking Financial Company - Systematically Important Non-Deposit taking Company and Deposit taking company (Reserve Bank) Directions 2016 (“the NBFC Master Directions”) and the notification for implementation of Indian Accounting

Standard vide circular RBI/2019-20/170D OR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 (‘RBI Notification for Implementation for Ind AS’) issued by RBI.

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

The regulatory disclosures as required by NBFC Master Directions to be included in the Notes forming an integral part of the financial statements are prepared as per RBI Notification for Implementation of Ind AS dated: 13th March 2020.

b. Presentation of Financial Statements

The company presents its balance sheet in the order of liquidity. Financial statements of the Company are prepared and presented in the format prescribed in the Division III of Schedule III to the Act applicable to

NBFCs, as notified by the Ministry of Corporate Affairs (“MCA”). Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances.

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

The Financial Statements are presented in Indian Rupees (₹) which is the functional currency of the company and all values are rounded off to the nearest lakhs with two decimals except where otherwise indicated.

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

c. Significant accounting judgements, estimates and assumptions

Use of Estimates, Judgements and Estimation of uncertainty

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

The use of estimates and assumptions, which might have an effect on these financial statements. The estimates are based on historical experience and other factors that are considered to be relevant. The actual results may differ from these estimates. The company believes that the estimates used in preparation of financial statements are prudent and reasonable.

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

In particular, information about significant areas of estimation, uncertainty and critical judgments

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

in applying accounting policies that have the most significant effect on the amounts recognised in the Financial Statements is included in the following notes:

(a) Business Model Assessment

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

(b) Defined employee benefit obligations

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

(c) Fair value measurement

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

risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(d) Impairment of loans portfolio

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

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

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

(f) Effective Interest Rate ("EIR") method on Financial Assets

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

(g) Estimation uncertainty relating to COVID-19

The Company has considered internal and certain external sources of information including credit reports, economic forecasts and industry reports, up to the date of approval of the financial statements in determining the impact of Covid-19 on various elements of its financial statements. The Company

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company has accrued its liabilities and also expects to fully recover the carrying amount of assets. The eventual outcome of impact of the global health pandemic including the non-fulfilment of the obligations by the customers due to lockdown, extended moratorium allowed by Government and other restrictions related to Covid-19 situation may be different from those estimated as on the date of approval of these financial statements.

d. Impact of Covid 19

The COVID 19 pandemic has resulted in significant decrease in economic activities throughout the Country as well as Global. The Government of India and respective State Governments announced a strict curfew and lockdown across the country to control the spread of virus. This had a consequential impact on the regular operations of the company. Further, the Company had extended the moratorium and also implemented resolution framework for eligible borrowers as per Reserve Bank of India ("RBI") directives issued from time to time. The relevant disclosures are given in Note 50.4 to the Financial Statements.

e. New Accounting Standards issued but not effective / Recent Accounting Development

On March 24, 2021, MCA through a notification, amended Schedule III to the Companies Act 2013 effective from April 01, 2021. Amendments relating to Division III which relate to NBFCs whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, have been complied with.

Ministry of Corporate Affairs ("MCA") have vide notification G.S.R. 255(E) dated 23rd March 2022, notified Amendments to the Companies (Indian Accounting Standards) Rules 2015, which are applicable from 1st April 2022. The company will evaluate and make the disclosures from subsequent year.

a) Ind AS 16 – Property, Plant and Equipment Proceeds before Intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss statement. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial

statements.

b) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

c) Ind AS 103 – Business Combinations

Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

d) Ind AS 109 – Financial Instruments

Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

e) Ind AS 116 – Leases

Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.

f. Financial Instruments

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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

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

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

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

ii. Classification and Subsequent Measurement

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

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

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

Financial Assets at Amortised Cost

The classification of financial assets such as cash and cash equivalents, Loans, trade receivables and investments (other than classified at FVTOCI) are measured at amortized cost based on the assessment of business model as follows:

Business model Assessment

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset.

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the company's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held

within that business model) and, in particular, the way those risks are managed;

- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected); and
- The expected frequency, value and timing of loan disbursements based on the analysis of disbursements made and realisation of cash flows in previous periods.

The financial assets of the company are held within a business model, whose objective is to hold assets in order to collect contractual cash flows, are managed to realise cash flows by collecting contractual payments over the life of the instrument and within the business model whose objective is achieved by both collecting the contractual cash flows and selling the financial asset.

The Solely Payments of Principal and Interest ("SPPI") test on the principal amount outstanding:

For an asset to be classified and measured at amortised cost, its contractual terms should give rise to cash flows that meet SPPI test. For that purpose:

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

The interest income represents the consideration for time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

The SPPI assessment is made in the currency in which the financial asset is denominated.

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

Financial Assets at FVTOCI

Equity instruments

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

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

instrument, in which case, such gains are recorded in OCI.

Financial liabilities at Amortised cost

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

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

iii. Reclassification of Financial Instrument

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

Till 31st March 2020, the issue expenses relating to public issue of Non-Convertible Debentures was set off against security premium. From 01st April 2020 onwards, the amortised issue expenses are written off in the statement of profit and loss.

iv. Derecognition of Financial Instrument

Financial Asset

The Company derecognises the financial asset when, and only when:

- The contractual rights to receive the cash flows from the financial asset have expired, or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a. the Company has transferred substantially all the risks and rewards of the asset, or
 - b. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between: (a) the carrying amount (measured at the date of derecognition) and (b) the consideration received shall be recognised in statement of profit and loss.

Financial Liability

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

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

On derecognition of a financial liability, the difference between: (a) the carrying amount and (b) the consideration paid shall be recognised in the statement of profit and loss.

v. Impairment of Financial Assets

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

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

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

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

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECLs in order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL. The Company

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

assesses whether there has been an event which could cause a significant increase in the credit risk of the underlying asset or the customers' ability to pay and accordingly change the 12 month ECL to a lifetime ECL.

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

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

Stage 1:

Financial assets, where there has not been a significant increase in credit risk since initial recognition (or) that has low credit risk at the reporting date and that are not credit impaired upon origination, are classified under this stage. The Company classifies all standard loans and loans upto 30 days overdue under this category. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and 3. The Company provides 12-month ECL for Stage 1 assets.

Stage 2:

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

Stage 3:

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

Definition of Default

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

Credit-impaired financial assets

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

ECL on Investment in Government securities

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

Simplified approach for trade/other receivables

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

g. Write-offs

The Company reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

h. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

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

The Company determines appropriate classes of assets and liabilities on the basis of the following:

- the nature, characteristics and risks of the asset or liability; and
- the level of the fair value hierarchy within which the fair value measurement is categorized.

The company evaluates the 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.

i. Property, Plant and Equipment ("PPE")

The Company recognises an item of property, plant and equipment when:

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

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

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

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

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

Depreciation

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which is in line with the estimated useful life as specified in Schedule II to the Act except for leasehold improvements which are amortised on a straight-line basis over the period of lease or estimated period of useful life of such improvement, subject to a maximum period of 60 months. Leasehold improvements include all expenditure incurred on the leasehold premises that have future economic benefits. The depreciation charge for each period will be recognised in the statement of profit and loss for the period.

Particulars	Useful life as prescribed by Schedule II to the Companies Act 2013	Useful life estimated by the Company
Buildings	60 years	60 years
Plant and Machinery	15 years	15 years
Plant - Windmills	22 years	22 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 years	8 years
Office Equipments	5 years	10 years
Computers	3 years	6 years

The Management has considered the useful life of office equipments and computers as 10 years and 6 years respectively.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income / netted off from any loss

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

on disposal in the Statement of profit and loss in which the year asset is derecognized.

j. Intangible Assets and Amortisation

Intangible assets are carried at its cost less any accumulated amortisation and accumulated impairment losses, if any.

The intangible assets comprise computer software which is amortized over the estimated useful life, in as straight line method. The amortisation charge is calculated by using the straight line method to write down the cost of intangible assets over their estimated useful life of 6 years as per Management' estimate.

Amortization is recognised as an expense in the statement of profit and loss for the period. The Company has a practice of reviewing the method and period of amortisation at the end of each financial year.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the intangible assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / netted off from any loss on disposal in the statement of profit and loss in the year in which the asset is derecognized.

k. Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

The company, based on technical assessment made by management, depreciates the building over its estimated useful life of 60 years. The management believes that these estimated useful life is realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in Note 10. Fair value is determined based on an annual evaluation performed by an accredited external independent valuer."

l. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of PPE, Investment Property and Intangible assets to determine,

if there is an indication that those assets have suffered any impairment loss. In case of any such indication those non-financial assets are tested for impairment so as to determine the impairment loss, if any, at the end of each reporting period.

m. Segments

The Company's main business is financing by way of loans in India. All other activities are not significant and Incidental to the main business. Thus in the context of Ind AS 108 Operating Segment Reporting is considered to constitute one reportable segment.

n. Employee Benefits

Short Term Employee Benefits

Short-term employee benefits are recognised as expense when the related service is provided. A liability for salaries and wages, Bonus, leave encashment is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plan

Employees Provident Fund ("EPF") and Employees State Insurance ("ESI")

Retirement benefits such as employee provident fund and employee state insurance comes under the defined contribution plan for which the Company make contributions to such schemes administered by government organisations set up under the applicable statute and are recognised as expense when an employee renders related service.

Defined Benefit Plan

Gratuity

The obligation in respect of defined benefit plans, which covers Gratuity is provided for on the basis of an actuarial valuation at the end of each financial year by an Independent Actuary using Projected Unit Credit method. The Company makes contribution to a Gratuity Fund administered and managed by Life Insurance Corporation of India ("LIC").

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Past services are recognised at the earlier of the plan amendment / curtailment and recognition of related restructuring costs/termination benefits.

The Company recognises the changes in the net defined benefit obligation such as service cost (including current service cost, 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.

o. Income

i. Interest Income

The Company recognises interest income using Effective Interest Rate ("EIR") on all financial assets subsequently measured at amortised cost.

EIR is the rate that exactly discounts estimated future cash flows of the financial instruments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount. The future cash flows are estimated using the contractual terms of the instrument.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. In case of credit-impaired financial assets ('Stage 3'), the Company recognises interest income on the amortised cost net of impairment loss of the financial asset at EIR. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest levied on customers for delay in repayments/ non-payment of contractual cash flows is recognised on realization, since the probability of collecting such monies is established when the customer pays.

Interest Income from Government securities is recognized on time proportion basis taking into

account the amount outstanding and the rate applicable.

ii. Dividend Income

Dividend income on equity shares is recognized when the right to receive the payment is established by the reporting date.

iii. Other Operating Income

The Company recognises revenue from contracts with customers (other than financial assets to which Ind AS 109 'Financial instruments' is applicable) based on a comprehensive assessment model as set out in

Ind AS 115 'Revenue from contracts with customers. The Company identifies contract(s) with a customer and its performance obligations under the contract, determines the transaction price and its allocation to the performance obligations in the contract and recognises revenue only on satisfactory completion of performance obligations. Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises income on recoveries of financial assets written off on realisation basis.

iv. Rental Income

Rental income arising from operating leases is recognised on a straight-line basis over the lease term. In cases where the increase is in line with expected general inflation, rental income is recognised as per the contractual terms.

Operating leases are leases where the Company does not transfer substantially all of the risks and benefits of ownership of the asset.

v. Fees and Commission Income

The Company recognises service and administration charges towards rendering financial services to its customers on satisfactory completion of performance obligation. Cheque Bouncing charges levied on customers for non payment of instalment on the contractual date is recognised on realization, since the probability of collecting such monies is established when the customer pays. Foreclosure charges are collected from loan customers for early payment/closure of loan and are recognised on happening of realization, since the probability of collecting such monies is established when the customer pays.

vi. Sale of Power from Windmills

Income from power generation is recognized as per the Power Purchase Agreements with State Electricity Board and on supply of power to the grid by satisfaction of performance obligation.

vii. Net gain/loss on fair value 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.

p. Foreign Currency Transaction

The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the prevailing closing spot rate. Non-monetary items are measured in terms of historical cost in foreign currency and are not retranslated.

Exchange differences, if any, that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

q. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method as per Ind As 109 on Financial instrument and interest in respect of lease liability recognised in accordance with Ind AS 116.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

r. Finance costs

Finance cost include Interest Expenses computed by applying the Effective Interest Rate ("EIR") on the respective financial instrument measured at Amortised Cost. Financial Instruments includes outstanding liabilities. Finance Costs are charged to the Statement of Profit and Loss.

s. Income Taxes

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income)

i. Current tax

Current tax is the amount of tax payable to (recovered from) the taxation authorities on the taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961 and Income Computation and Disclosure Standards prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted by the end of reporting date. Current tax relating to items

recognised outside the statement of profit and loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity.

ii. Deferred Tax

Deferred tax is the tax effect on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements as at the reporting date.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The Company reviews the carrying amount of a deferred tax asset as at the end of each reporting period and reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax relating to items recognized outside profit or loss is recognised either in other comprehensive income or in other equity.

t. Goods and Services Input Tax Credit

Input Tax credit is accounted for in the books in the period when the underlying service/supply received is accounted to the extent permitted as per the applicable regulatory laws and when there is no uncertainty in availing/utilising the same. The ineligible input credit is charged off to the respective expense or capitalised as part of asset cost as applicable.

u. Leases

As a Lessee

The Company has applied Ind AS 116 'Leases' for all lease contracts except for short term leases and leases for which underlying asset is of low value on modified retrospective approach.

Right of Use Asset is initially measured as at the sum of initial measurement of the lease liability and any lease payments made at or before the date of commencement of lease, adjusted by any lease incentives received. On subsequent period, the Right of Use Asset is measured at cost less accumulated depreciation and any accumulated impairment losses with adjustment for remeasurement of lease liability.

Lease Liability is initially measured at the present value of the lease payments that are not paid as at the date of recognition discounted at the Company's incremental

borrowing rate. If Lease liability subsequently undergoes changes on account of interest on the lease liability, lease payments and remeasurement of the carrying amount on any reassessment or lease modifications.

As a Lessor

The Company recognises the lease payments from operating lease as income on the basis of contractual terms between the Lessee and the Company.

v. Provisions Contingent Assets and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

A present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the company

Contingent assets are not recognised in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognized.

w. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cheques and drafts on hand, balance with banks in current accounts and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of change in value.

x. Statement of Cash Flow

Statement of Cash flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The statement of cash flows from operating, investing and financing activities of the Company are segregated.

y. Earnings Per Share ("EPS")

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for shares issued during the year.

For the purpose of calculating diluted EPS, profit after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
3. CASH AND CASH EQUIVALENTS		
Cash on hand	270.41	714.34
Balance with Banks in Current Accounts	1,130.39	109.40
Cheques, drafts on hand	48.71	540.37
Total	1,449.51	1,364.11
4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS		
Earmarked Balances with Banks :		
- Unpaid Dividend Accounts**	46.52	56.83
Term Deposits with Banks :		
- Free	900.00	-
- Under Lien #	182.79	318.96
Total	1,129.31	375.79

Details of Term Deposits under lien

Particulars	As at 31st March 2022		As at 31st March 2021	
	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)	Bank Balances other than Cash and Cash equivalents (Note 4)	Other Financial assets (Note 8)
For Statutory Liquid Assets*	182.79	9.20	318.96	12.83
Total	182.79	9.20	318.96	12.83

* In accordance with the Reserve Bank of India Directions, the Company has created a floating charge on Statutory Liquid Assets (Bank Deposits and interest accrued thereon) in favour of IDBI Trusteeship Services Ltd, Trustees representing the Public deposit holders of the company.

** Includes minimum bank balance

5. RECEIVABLES
(i) Trade Receivables
Unsecured - Considered good

- Unsecured - Considered good	97.37	111.14
- Unsecured - Credit Impaired	116.35	120.43
Less: Impairment Loss Allowance	(44.47)	(49.16)
Total	169.25	182.41

(ii) Other Receivables
Unsecured - Considered good

Rent Receivables	16.56	3.52
Total	16.56	3.52

There is no amount due from any directors or other officers of the company or any firm or Private Limited Company in which any Director is a partner, a Director or a member.

Trade Receivables Ageing Schedule as at 31st March 2022

	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	23.48	73.89	-	-	-	97.37
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	100.81	15.54	-	116.35
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(4.66)	(19.59)	(18.71)	(1.51)	-	(44.47)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
Trade Receivables Ageing Schedule as at 31st March 2021

(₹ Lakhs)

	Unbilled Revenue	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					Total
		Less than 6 Months	6 months - 1 Year	1-2 Years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	-	40.32	70.82	-	-	-	111.14
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	107.52	12.91	-	120.43
Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less : Impairment Allowance	-	(8.47)	(18.77)	(19.96)	(1.96)	-	(49.16)

Particulars	As at 31st March 2022	As at 31st March 2021
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6. LOANS
(A) Loans (at amortised cost) *

Hire Purchase Loans#	1,14,406.27	1,12,645.02
Loans Repayable on Demand	105.56	81.36
Other Loans ##	310.64	260.08
Total (Gross)	1,14,822.47	1,12,986.46
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
Total (Net)	1,10,311.20	1,09,353.73

(B) (i) Secured by Tangible Assets	1,14,406.27	1,12,645.02
(ii) Secured by Intangible Assets	-	-
(iii) Covered by Bank / Govt. Guarantee	-	-
(iv) Unsecured	416.20	341.44
Total (Gross)	1,14,822.47	1,12,986.46
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
Total (Net)	1,10,311.20	1,09,353.73

(C) (i) Loans in India		
(a) Public Sector	-	-
(b) Others	1,14,822.47	1,12,986.46
Total (Gross)	1,14,822.47	1,12,986.46
Less: Impairment Loss Allowance	(4,511.27)	(3,632.73)
Total (Net) - C (i)	1,10,311.20	1,09,353.73
(ii) Loans Outside India	-	-
Less: Impairment Loss Allowance	-	-
Total (Net) - C (ii)	-	-
Total (Net) - C (i+ii)	1,10,311.20	1,09,353.73

* There is no loan assets measured or designated at FVTOCI or FVTPL

Includes Repossessed Assets

Represents Staff Loans

Refer Note 44 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars			As at 31st March 2022	As at 31st March 2021
7. INVESTMENTS				
At Amortised Cost				
Investments in Government Securities				
	Number	Face Value per unit (₹)		
Quoted				
Bonds of Central and State Governments #	23,68,000	100	2,374.44	2,577.61
Total (A)			2,374.44	2,577.61
At Fair value through Other Comprehensive Income				
Investments in Equity Instruments				
Sakthi Sugars Limited	5,52,833	10	75.07	52.30
Chokhani International Limited	100	10	0.02	0.02
Total (B)			75.09	52.32
At Cost				
Investments in Equity Instruments				
Unquoted				
ABT Industries Limited	1,50,000	10	15.00	15.00
ABT Foods Agrovet Limited (Formerly Sakthi Beverages Ltd)	1,25,000	10	12.50	12.50
Sri Bhagavathi Textiles Limited	5	100	0.04	0.04
Sri Chamundeswari Sugars Limited	1,86,666	10	7.82	7.82
ABT Co-operative Stores Limited	500	10	0.05	0.05
Stiles India Limited	100	10	-	-
Sakthi Soft Drinks Pvt Limited	30,000	10	3.00	3.00
Total (C)			38.41	38.41
Total (Gross) - (A+B+C)			2,487.94	2,668.34
(i) Investments Outside India			-	-
(ii) Investments In India			2,487.94	2,668.34
Total			2,487.94	2,668.34
Less: Impairment Loss Allowance			0.06	0.06
Total (Net)			2,487.88	2,668.28
# 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, trustee representing the Public Deposit holders of the company.				
* There is no Investment in Government Securities measured at FTVOCI.				
8. OTHER FINANCIAL ASSETS				
- Interest accrued on Government Securities			52.71	56.16
- Interest accrued on Term Deposits				
- Free			4.84	-
- Under Lien (Refer Note 4)			9.20	12.83
- Security Deposits			260.20	169.38
- Other Loans and Advances			1,370.36	1,562.29
- Advance to Employees			15.60	29.77
Total			1,712.91	1,830.43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
9. DEFERRED TAX ASSETS (net)		
a. Application of Expected Credit Loss on Financial Assets	982.42	-
b. Employee benefit expenses	30.87	-
c. Right of Use Assets & Lease Liabilities	7.84	-
d. Application of EIR on Financial Liabilities	(64.83)	-
e. Differences in Carrying amount of Property, Plant and Equipment	(738.36)	-
Total	217.94	-

10. a) INVESTMENT PROPERTY

Particulars	Land	Building	Total
Carrying Amount as at 1st April 2020	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2021	66.87	226.74	293.61
Additions	-	-	-
Disposals	-	-	-
Carrying Amount as at 31st March 2022	66.87	226.74	293.61
Accumulated depreciation / amortisation and impairment			
Balance as at 1st April 2020	-	9.20	9.20
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2021	-	13.80	13.80
Depreciation for the year	-	4.60	4.60
Depreciation on disposals	-	-	-
Balance as at 31st March 2022	-	18.40	18.40
Net Carrying amount			
As at 31st March 2021	66.87	212.94	279.81
As at 31st March 2022	66.87	208.34	275.21
Useful Life of the Asset (In Years)	-	60	-

10. b) Rental Income with respective expenses

Particulars	Year ended 31st March 2022	Year ended 31st March 2021
Rental Income - Building	2.32	3.52
Direct operating expenses on properties generating rental income to include	0.42	0.49

10. c) Fair Value of Investment Property with assumptions applied in determining the fair value of investment property

Particulars	Valuation technique	Significant unobservable inputs	Range (Weighted avg)	Sensitivity of the input to fair value	Fair value ₹ lakhs	Sensitivity ₹ lakhs
Sensitivity analysis						
Investment Property As at 31st March 2022	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19
Investment Property As at 31st March 2021	Professional valuer	Price per Square Feet	₹ 2,500 - 5,000 per Square Feet	5%	370	19

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

11 (a) Property, Plant and Equipment - Tangible Assets

(₹ Lakhs)

Particulars	Land - Freehold	Buildings	Plant and Machinery	Plant - Wind Mills	Furniture and Fixtures	Vehicles	Office Equipments	Total Tangible Assets
Carrying Amount as at 1st April 2020	2,764.91	1,712.89	93.22	1,615.39	333.34	97.16	164.98	6,781.89
Additions	-	-	0.99	-	3.86	-	46.52	51.37
Disposals	-	-	-	-	-	-	0.57	0.57
Carrying Amount as at 31st March 2021	2,764.91	1,712.89	94.21	1,615.39	337.20	97.16	210.93	6,832.69
Additions	1.56	-	4.20	-	22.79	-	38.03	66.58
Disposals	-	-	0.23	-	-	-	-	0.23
Carrying Amount as at 31st March 2022	2,766.47	1,712.89	98.18	1,615.39	359.99	97.16	248.96	6,899.04
Accumulated depreciation / amortisation and impairment								
Balance as at 1st April 2020	-	107.98	14.48	209.14	63.72	26.06	43.86	465.24
Depreciation for the year	-	54.02	7.97	104.57	36.16	13.50	28.94	245.16
Depreciation on disposals	-	-	-	-	-	-	-	-
Balance as at 31st March 2021	-	162.00	22.45	313.71	99.88	39.56	72.80	710.40
Depreciation for the year	-	49.32	8.01	104.57	36.52	12.71	30.96	242.09
Depreciation on disposals	-	-	0.08	-	-	-	-	0.08
Balance as at 31st March 2022	-	211.32	30.38	418.28	136.40	52.27	103.76	952.41
Net Carrying amount								
As at 31st March 2021	2,764.91	1,550.89	71.76	1,301.68	237.32	57.60	138.13	6,122.29
As at 31st March 2022	2,766.47	1,501.57	67.80	1,197.11	223.59	44.89	145.20	5,946.63
Useful Life of the Asset (In Years)	-	60	15	22	10	8	10	

Carrying Value of Assets Pledged Against borrowings / Debt Securities as at 31st March 2022 (Refer Note 14 & 15)

As at 31st March 2022	173.80	1,347.64	-	-	-	-	-	1,521.44
As at 31st March 2021	173.80	1,391.56	-	-	-	-	-	1,565.36

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
11 (b) Right of use Assets

(₹ Lakhs)

Particulars	Amount
Gross Carrying Amount as at 1st April 2020	1,492.53
Additions	-
Disposals	7.97
Carrying Amount as at 31st March 2021	1,484.56
Additions	240.82
Disposals	-
Carrying Amount as at 31st March 2022	1,725.38
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2020	269.76
Depreciation for the year	144.30
Depreciation on Disposals	-
Balance as at 31st March 2021	414.06
Depreciation for the year	217.72
Depreciation on Disposals	-
Balance as at 31st March 2022	631.78
Net Carrying amount	
As at 31st March 2021	1,070.50
As at 31st March 2022	1,093.60
Useful Life of the Asset (In Years)	3

11 (c) Intangible Assets under development

Particulars	Amount
Carrying Amount as at 1st April 2020	15.07
Additions	71.20
Disposals	-
Carrying Amount as at 31st March 2021	86.27
Additions	10.99
Disposals	97.26
Carrying Amount as at 31st March 2022	-
As at 31st March 2021	86.27
As at 31st March 2022	-

Intangible Assets under Development ageing schedule

As at 31st March 2022

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Intangible Assets under Development, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2021

Intangible Assets under Development	Amount in Intangible Asset under Development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	86.27	-	-	86.27
Projects temporarily suspended	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
11 (d) Other Intangible Assets - Computer Software

(₹ Lakhs)

Particulars	Amount
Carrying Amount as at 1st April 2020	263.61
Additions	15.25
Disposals	-
Carrying Amount as at 31st March 2021	278.86
Additions	103.56
Disposals	-
Carrying Amount as at 31st March 2022	382.42
Accumulated depreciation / amortisation and impairment	
Balance as at 1st April 2020	148.66
Depreciation for the year	27.63
Depreciation on disposals	-
Balance as at 31st March 2021	176.29
Depreciation for the year	26.67
Depreciation on disposals	-
Balance as at 31st March 2022	202.96
Net Carrying amount	
As at 31st March 2021	102.57
As at 31st March 2022	179.46
Useful Life of the Asset (In Years)	6

Capital Work in Progress (CWIP) ageing schedule

As at 31st March 2022

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

As at 31st March 2021

Capital Work-in-progress	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Note: There were no Capital Work in Progress, whose completion is overdue or has exceeded its cost compared to its original plan

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
12. OTHER NON-FINANCIAL ASSETS		
Considered good-Unsecured		
- Advance for Property, Plant and Equipment	1,500.00	-
- Prepaid Expenses	124.34	103.49
- GST Input Tax Credit (Refer Note 2 (t))	289.17	221.21
- NCD Public Issue Expenses	12.78	-
- Others	9.85	11.01
Total	1,936.14	335.71

Refer Note 44 on Disclosure pursuant to Ind AS "24" - Related Party Disclosures for Loans and Advances given and outstanding dues from related parties

LIABILITIES AND EQUITY
13. PAYABLES
(I) Trade Payables

(i) Total outstanding dues of micro enterprises and small enterprises	0.28	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.76	140.62

(II) Other Payables

(i) Total outstanding dues of micro enterprises and small enterprises	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	175.13	151.48
Total	303.17	295.36

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per MSMED Act are given below:

a) Dues remaining unpaid to any supplier at the year end		
- Principal	0.28	3.26
- Interest on the above		
b) Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year		
- Principal paid beyond the appointed date	-	-
- Interest paid in terms of Section 16 of the MSMED Act	-	-
c) Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year		
d) Amount of interest accrued and remaining unpaid	-	-
e) Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises		
Total	0.28	3.26

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
Trade Receivables Ageing Schedule as at 31st March 2022

(₹ Lakhs)

	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	0.28	-	-	-	0.28
Others	-	302.89	-	-	-	302.89
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

Trade Receivables Ageing Schedule as at 31st March 2021

	Outstanding for following periods from due date of payment/where no due date is specified from the date of the transaction					
	Unbilled Revenue	Less than - 1 year	1-2 Years	2-3 years	More than 3 years	Total
MSME	-	3.26	-	-	-	3.26
Others	-	292.10	-	-	-	292.10
Disputed Dues - MSME	-	-	-	-	-	-
Disputed Dues - Others	-	-	-	-	-	-

14. DEBT SECURITIES
At Amortised Cost

Non-Convertible Debentures - Secured	41,560.04	28,711.26
Total	41,560.04	28,711.26
Debt Securities in India	41,560.04	28,711.26
Debt Securities outside India	-	-
Total	41,560.04	28,711.26

Note:

- There is no debt securities measured at FVTOCI or designated at FVTPL.
- The Non-Convertible Debentures are secured by immovable properties and Loan receivables of the Company having carrying value of **₹45,051.25 lakhs** (31st March 2021 ₹30,902.68 Lakhs).
- For Debt securities subscribed by the related parties Refer Note 44.

Details of Non-Convertible Debentures - Secured :

Particulars	As at 31st March 2022	As at 31st March 2021
A. Issued on private placement basis - Face Value of Rs 1,000/-		
- Repayable on maturity:		
Interest Range 8.75% to 10%		
Maturing within 1 year	3,920.00	4,628.00
Maturing between 1 to 2 years	3,938.30	3,201.00
Maturing between 2 to 3 years	2,454.50	3,426.30
Sub-Total (A)	10,312.80	11,255.30
Add : Interest accrued but not due	454.95	569.28
Less: unamortized charges	44.46	52.10
(A) Total Amortized Cost	10,723.29	11,772.48

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
B) Public Issue - Face value of ₹1,000/-		
- Repayable on maturity:		
Interest Range 9% to 10%		
Maturing within 1 year	5,324.98	1,991.39
Maturing between 1 years to 2 years	11,652.10	5,324.98
Maturing between 2 years to 3 years	6,530.39	5,489.32
Maturing between 3 years to 4 years	5,673.13	3,272.12
Sub-Total (B)	29,180.60	16,077.81
Add : Interest accrued but not due	1,999.49	1,079.40
Less: unamortized charges	343.34	218.43
(B)Total Amortized Cost	30,836.75	16,938.78
TOTAL (A)+(B)	41,560.04	28,711.26
Total Amortized Cost (A + B)	41,560.04	28,711.26

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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15. BORROWINGS (OTHER THAN DEBT SECURITIES)
At amortized cost
Term Loan -Secured

- From Banks

3,810.72 5,568.31

- From Other Lenders

1,240.84 2,925.80

Loan Repayable on Demand

- Cash Credit Facilities from Banks

10,514.13 14,565.05

Total

15,565.69 23,059.16

Borrowings in India

15,565.69 23,059.16

Borrowings outside India

- -

Total

15,565.69 23,059.16

There is no borrowings measured at FVTOCI or designated at FVTPL.

a) Term loans from Banks are secured as under :
i) State Bank of India

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Mora-torium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commence-ment date	End date				
1	5,000.00	11.00%	30.09.2020	30.06.2025		Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	3,365.80	4,398.00
2	600.00	7.25%	30.11.2020	30.04.2022	-		22.00	430.00
Add : Interest accrued but not due							-	-
Less: unamortized charges							43.22	56.52
Total Amortized Cost							3,344.58	4,771.48

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
ii) IndusInd Bank Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	650.00	12.00%	04.03.2020	04.06.2023	3 Mths	Hypothecation of specified Hire Purchase receivables	303.81	512.52
2	350.00	12.00%	04.03.2020	04.06.2023	3 Mths		161.69	274.29
Add : Interest accrued but not due							4.13	6.98
Less: unamortized charges							3.49	3.05
Total Amortized Cost							466.14	790.74

iii) HDFC Bank Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	19.00	9.50%	05.02.2019	05.01.2022	-	Hypothecation of New Innova Crysta GX Car	-	6.09
Total Amortized Cost							-	6.09

b) Term loans from other Lenders are secured as under:
i) Northern Arc Capital Ltd (formerly IFMR Capital Finance Pvt Ltd)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	1,500.00	14.00%	06.04.2020	07.03.2022	-	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	801.33
Add : Interest accrued but not due							-	8.30
Less: unamortized charges							-	10.43
Total Amortized Cost							-	799.20

ii) Hinduja Leyland Finance Ltd

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	1,500.00	10.25%	07.03.2018	07.04.2021	2 Mths	Hypothecation of specified Hire Purchase receivables and personal guarantee by a director	-	48.40
Add : Interest accrued but not due							-	0.33
Less: unamortized charges							-	-
Total Amortized Cost							-	48.73

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
iii) Shriram Transport Finance Company Ltd

(₹ Lakhs)

Sl No	Amount of Term Loan sanctioned	Rate of Interest per annum	Repayment		Moratorium period	Security details	Amount outstanding as on 31st March 2022	Amount outstanding as on 31 March 2021
			Commencement date	End date				
1	2,000.00	13.00%	05.09.2019	05.08.2023	-	Hypothecation of specified Hire Purchase receivables	826.37	1330.70
2	1,000.00	13.00%	05.05.2020	05.04.2023	-		408.04	737.19
Add : Interest accrued but not due							11.43	19.15
Less: unamortized charges							5.00	9.17
Total Amortized Cost							1,240.84	2,077.87

c) loans repayable on demand - Cash credit facilities with banks (secured)

Particulars	As at 31st March 2022		As at 31st March 2021	
	Interest Rate Range	Amount outstanding	Interest Rate Range	Amount outstanding
Maturing within 1 Year	9.65 % to 12.25%	10,516.14	9.65 % to 12.60%	14,556.33
Add : Interest accrued but not due		25.77		33.18
Less: unamortized charges		27.78		24.86
Total Amortized Cost		10,514.13		14,564.65

The Cash Credit facilities from Banks are secured by hypothecation of specified hire purchase receivables and a personal guarantee by Director(s). The Company has also extended collateral security of Company's Building and land belonging to a Director.

d) There is no default in repayment of loans and interest thereon.

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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16. DEPOSITS (UNSECURED)

At amortized cost

Public Deposits

8,540.60

17,086.35

Total
8,540.60

17,086.35

There is no Deposits measured at FVTOCI or designated at FVTPL

Details of Deposits - Unsecured :

Particulars	As at 31st March 2022	As at 31st March 2021
- Repayable on maturity:		
Interest Range 7.75% to 9%		
Maturing within 1 year	5,544.55	8,025.57
Maturing between 1 to 2 years	2,217.84	5,763.06
Maturing between 2 to 3 years	-	2,257.83
Sub-Total	7,762.39	16,046.46
Add : Interest accrued but not due	799.48	1,117.20
Less: unamortized charges	21.27	77.31
Total Amortized Cost	8,540.60	17,086.35

For Deposits held by related parties, refer Note No.44

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
17. SUB-ORDINATED LIABILITIES (UNSECURED)		
At amortized cost		
Non-Convertible Debentures - Unsecured	11,640.38	6,460.97
Redeemable Cumulative Preference Shares (RCPS)	1,490.29	1,842.25
Sub-Ordinated Debts	26,400.10	25,176.84
Total	39,530.77	33,480.06
Sub-Ordinated Liabilities in India	39,530.77	33,480.06
Sub-Ordinated Liabilities outside India	-	-
Total	39,530.77	33,480.06

There is no Subordinated liabilities measured at FVTOCI or designated at FVTPL

Terms/rights attached to RCPS: The RCPS do not have voting rights other than matters which directly affect them. In the event of any due and payable dividends remain unpaid for aggregate period of at least two years prior to the start of any general meeting of the equity shareholders, RCPS holders shall have voting rights in line with their voting rights of the equity shareholders. The RCPS will be redeemed at the end of three years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of RCPS.

On winding up or repayment of capital, RCPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid-up and shall include any unpaid dividends.

For the year ended 31st March 2022, the Company declared and paid an interim dividend of ₹ 134.06 lakhs after deduction of TDS of ₹ 5.72 lakhs on RCPS of ₹ 100 each fully paid (31st March 2021 : ₹ 134.75 lakhs)

Details of Sub-Ordinated Liabilities - Unsecured :

Particulars	As at 31st March 2022	As at 31st March 2021
A) Non-Convertible Debentures - Unsecured :		
Issued on Public Issue		
Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 2 years to 3 years	4,374.80	-
Maturing between 3 years to 4 years	1,603.70	4,374.80
Maturing between 4 years to 5 years	4,759.47	1,603.70
Sub-Total (A)	10,737.97	5,978.50
B) Preference Shares		
Repayable on maturity:		
8.25% Redeemable Cumulative Preference Shares		
Maturing within 1 year	-	665.00
Maturing between 2 years to 3 years	1,500.00	1,169.00
Sub-Total (B)	1,500.00	1,834.00
C) Sub-Ordinated Debts		
- Repayable on maturity:		
Interest Range 10% to 11%		
Maturing between 1 to 2 years	9,914.40	-
Maturing between 2 to 3 years	12,221.80	9,914.40
Maturing between 3 to 4 years	1,244.40	12,221.80
Maturing between 4 to 5 years	-	1,244.40
Sub-Total (C)	23,380.60	23,380.60
Sub-Total (A+B+C)	35,618.57	31,193.10

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Add : Interest accrued but not due		
A) Non-Convertible Debentures - Unsecured	1,027.31	532.06
B) Preference Shares	-	8.38
C) Sub-Ordinated Debts	3,122.15	1,944.88
Less: Unamortized charges		
A) Non-Convertible Debentures - Unsecured	124.89	49.59
A) Preference Shares	9.71	0.13
B) Sub-Ordinated Debts	102.66	148.64
Total amortized cost	39,530.77	33,480.06

In respect of Sub-Ordinated Liabilities subscribed by related parties refer Note 44

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
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18. OTHER FINANCIAL LIABILITIES
Investor Education and Protection Fund shall be credited by the following amounts (as and when due)

-Unclaimed dividends	46.42	56.73
-Unclaimed matured deposits and Interest accrued thereon	251.20	349.05
-Unclaimed matured Sub-Ordinated Debts and Interest accrued thereon	25.41	49.32
-Unclaimed matured debentures and Interest accrued thereon	180.40	182.35
-Unclaimed Redeemable Cumulative Preference Shares	13.00	181.00
Advances from Customers	450.33	449.10
Security Deposits	73.21	73.21
Lease Liabilities - Refer Note No.49	386.17	331.61
Total	1,426.14	1,672.37

Note : Equity Dividend pertaining to the financial year 2011 and 2012 for an amount of ₹ 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	53.00	47.95
Provision for gratuity (net)	8.69	21.12
Provision for leave encashment	60.96	49.02
Total	122.65	118.09

20. DEFERRED TAX LIABILITIES (net)

a. Application of Expected Credit Loss on Financial Assets	-	(793.33)
b. Employee benefit expenses	-	(29.72)
c. Right of Use Assets & Lease Liabilities	-	(7.35)
d. Application Of EIR On Financial Liabilities	-	96.20
e. Differences in Carrying amount of Property, Plant and Equipment	-	773.68
Total	-	39.48

21. OTHER NON-FINANCIAL LIABILITIES

Tax Deducted at source	99.55	68.47
Total	99.55	68.47

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022	As at 31st March 2021
22. SHARE CAPITAL		
Authorised Share Capital		
10,00,00,000 Equity shares of ₹ 10 each (FY 2021 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 (FY 2021 30,00,00,000 Redeemable Cumulative Preference Shares of ₹ 100 each)	3,000.00	3,000.00
	13,000.00	13,000.00
Issued, Subscribed and Paid up Share capital		
6,47,05,882 Equity shares of ₹ 10 each fully paid up (FY 2021 : 6,47,05,882 Equity Shares of ₹ 10 each)	6,470.59	6,470.59
	6,470.59	6,470.59

Shares held by promoters at at 31st March 2022 :

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	192,000	0.30%	-

Shares held by promoters at at 31st March 2021 :

Promoter Name	No of Shares	% of Total Shares	% change during the Year
Dr M Manickam, Chairman	92,813	0.14%	-
Sri M Balasubramaniam, Vice Chairman and Managing Director	192,000	0.30%	-

a) Reconciliation of shares outstanding at the beginning and end of the year

Particulars	As at 31st March 2022		As at 31st March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares with Voting Rights				
Number of Shares at the beginning of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59
Number of Shares at the end of the year	6,47,05,882	6,470.59	6,47,05,882	6,470.59

b) Details of shareholders holding more than 5% shares in the share capital of the company

Particulars	As at 31st March 2022		As at 31st March 2021	
	% of Holding	No. of Shares	% of Holding	No. of Shares
Equity Shares with Voting Rights				
Sakthifinance Financial Services Limited	19.19	1,24,20,000	19.19	1,24,20,000
ABT Investments (India) Private Limited	13.49	87,27,400	13.49	87,27,400
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	7.09	45,85,434
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 2022
c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend is subject to the approval of the shareholders at the ensuing annual general meeting. The Board of Directors have, at their meeting held on 24th May 2022, recommended a dividend of 6 per cent, ₹ 0.60 per share (Dividend for 31st March 2021 : ₹0.60 per share) on equity shares. The Company declares and pays dividend in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of Dividends proposed

Particulars	(₹ Lakhs)	
	31st March 2022	31st March 2021
Face Value per share (₹)	10.00	10.00
Dividend Percentage	6%	6%
Dividend per Share (₹)	0.60	0.60
Dividend on equity shares	388.24	388.24
Total Dividend	388.24	388.24

Note : The dividends proposed for the financial year 31st March 2022 shall be paid to share holders on approval of the members of the company at the ensuing Annual General Meeting.

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
23. OTHER EQUITY		
Reserves and Surplus		
Statutory Reserve as per Section 45-IC of the RBI Act 1934		
Opening Balance	3,352.67	3,167.51
Add : Transfer from Retained Earnings	190.38	185.16
Closing balance	3,543.05	3,352.67
Capital Reserve		
Balance as at the Opening and Closing of the year	52.61	52.61
Securities Premium		
Opening Balance	1,429.80	1,430.92
Less : Preferential Issue of Equity Shares	-	1.12
Closing Balance	1,429.80	1,429.80
General Reserve		
Balance as at the Opening and Closing of the year	4,436.00	4,436.00
Debenture Redemption Reserve		
Balance as at the Opening and Closing of the year	-	-
Retained Earnings		
Opening Balance	3,478.91	3,126.52
Add : Profit after tax for the year	951.88	925.79
	4,430.79	4,052.31
Less: Appropriations		
Equity Dividend (₹ 0.60 per share)	388.24	388.24
Transfer to Statutory Reserve	190.38	185.16
Closing Surplus	3,852.17	3,478.91

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	(₹ Lakhs)	
	As at 31st March 2022	As at 31st March 2021
Item of Other Comprehensive Income ("OCI")		
(i) Fair value changes in Equity Instruments		
Opening Balance	(36.98)	(48.92)
Add : Income/(Expenses) for the year	22.78	11.94
Closing Balance	(14.20)	(36.98)
(ii) Actuarial changes in Defined benefit obligations		
Opening Balance	13.93	12.30
Add : Income/(Expenses) for the year	10.44	1.63
Closing Balance	24.37	13.93
Closing Balance (i) + (ii)	10.17	(23.05)
Total	13,323.80	12,726.94

Nature and purpose of reserves

Capital reserve: Capital reserve is the excess amount received on re-issue of forfeited equity shares in an earlier year.

Securities Premium : The amount received in excess of face value of the equity shares is recognised as Securities premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act 2013.

General reserve : Under the Companies Act, 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013 ("the Act"), the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Act.

Debenture redemption reserve:

Consequent to the amendment to the Companies (Share Capital and Debentures) Rules, the requirement to create Debenture Redemption Reserve ("DRR") is no longer required for listed NBFCs registered with Reserve Bank of India under Section 45-IA of the RBI Act 1934, for the value of outstanding both public issue of debentures and privately placed debentures.

The Company is required before 30th day of April of each year to deposit or invest, as the case may be, a sum which shall not be less than 15% of the amount of its debenture issued through public issue maturing within one year from the Balance sheet date. Accordingly the Company, subsequent to the year end has invested a sum of ₹ 900 lakhs (Previous Year ₹ 300 lakhs) in the form of fixed deposits with scheduled banks, representing 15% of the debenture issued through public issue, which are due for redemption within one year from the balance sheet date.

Statutory reserve: Every year the Company transfers a sum of not less than twenty per cent of net profit after tax of that year as disclosed in the statement of profit and loss to its Statutory Reserve as per Section 45-IC of The Reserve Bank of India Act 1934.

The conditions and restrictions for distribution attached to statutory reserves as specified in Section 45-IC(1) in The Reserve Bank of India Act, 1934:

- (1) Every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.
- (2) No appropriation of any sum from the reserve fund shall be made by the NBFC except for the purpose as may be specified by the RBI from time to time and every such appropriation shall be reported to the RBI within twenty-one days from the date of such withdrawal:

Provided that the RBI may, in any particular case and for sufficient cause being shown, extend the period of twentyone days by such further period as it thinks fit or condone any delay in making such report.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(3) Notwithstanding anything contained in sub-section (1), the Central Government may, on the recommendation of the RBI and having regard to the adequacy of the paid-up capital and reserves of a NBFC in relation to its deposit liabilities, declare by order in writing that the provisions of sub-section (1) shall not be applicable to the NBFC for such period as may be specified in the order:

Provided that no such order shall be made unless the amount in the reserve fund under sub-section (1) together with the amount in the share premium account is not less than the paid-up capital of the NBFC

Retained earnings: Retained earnings are the profits that the Company has earned till date less any transfers to statutory reserve, general reserve, dividends distributions paid to shareholders and transfer from debenture redemption reserve.

Other Comprehensive Income: Other Comprehensive Income comprises items of income and expenses that are not recognised in profit and loss as required or permitted by other Ind AS. They comprise of the following : (a) Cumulative gains/(losses) on account of remeasurement of post employment benefit obligations (b) Cumulative gains/(losses) on remeasurement of equity instruments measured at fair value through Other Comprehensive Income. Such remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

Proposed dividend : The Board of Directors of the Company have recommended a dividend of 6% being Rs.0.60 per share on the equity shares of the Company, for the year ended 31st March 2022 (Rs.0.60 per share - 31st March 2021) which is subject to approval of shareholders. Consequently the proposed dividend has not been recognised in the books in accordance with IND AS 10. (Also Refer Note 57).

Particulars	(₹ Lakhs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
24. INTEREST INCOME		
(On Financial Instruments measured at amortised cost)		
Income from Hire purchase operations	17,017.64	16,133.07
Interest from:		
- Loans	172.29	212.06
- Bank deposits	158.80	31.66
- Investments	218.24	221.17
Total	17,566.97	16,597.96
There is no income on Financial Instruments measured at FVTOCI		
25. FEES AND COMMISSION (Services rendered at a point in time)		
- Service Charges	254.83	246.06
- Stamp and documentation charges	66.66	67.17
Total	321.49	313.23
26. SALE OF POWER FROM WINDMILLS (Services rendered at a point in time)		
Income from Wind mill -Sale of Electricity	177.88	181.07
Total	177.88	181.07
27. OTHER INCOME		
- Miscellaneous income	1.40	0.87
Total	1.40	0.87

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Particulars	(₹ Lakhs)	
	For the Year ended 31st March 2022	For the Year ended 31st March 2021
28. FINANCE COSTS		
(On Financial Liabilities measured at amortised cost)		
- Deposits	1,084.82	1,610.12
- Borrowings	1,920.21	2,506.24
- Debt Securities	3,672.04	2,941.86
- Sub-Ordinated Liabilities	3,723.67	3,208.85
- Lease Liability	36.28	29.18
Bank Charges	121.13	119.69
Debenture Issue Expenses	217.70	117.02
Total	10,775.85	10,532.96
Note : There is no Finance Costs measured at FVTOCI		
29. IMPAIRMENT ON FINANCIAL INSTRUMENTS		
(On Financial Instruments measured at amortised cost)		
Loans	878.54	641.18
Trade Receivables	(4.69)	(23.69)
Investments	3.17	3.46
Bad Debts	157.35	166.76
Total	1,034.37	787.71
There is no impairment on Financial Instruments measured at FVTOCI		
30. EMPLOYEE BENEFITS EXPENSES		
Salaries and wages	2,608.36	2,386.58
Contributions to Provident and Other Funds	98.88	93.61
Staff Welfare Expenses	128.44	84.44
Gratuity	21.51	33.09
Leave Encashment	38.41	6.48
Total	2,895.60	2,604.20
31. DEPRECIATION AND AMORTIZATION		
Depreciation on Property plant and Equipment	242.08	245.17
Depreciation on Investment property	4.60	4.60
Amortization - Intangibles	26.67	27.63
Amortization - Right of use assets	217.72	144.30
Total	491.07	421.70

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
32. OTHER EXPENSES		
Rent	35.39	60.39
Rates, Taxes and Licences	121.98	155.12
Stamping on documents	11.93	12.91
Communication	45.66	43.80
Insurance	12.99	13.22
Travelling and Conveyance	298.74	232.50
Printing and Stationery	34.24	37.58
Power and Fuel	29.50	28.42
Advertisements	17.02	12.30
Auditor's Remuneration :		
As Auditor:		
- Audit Fee	16.00	16.00
- Limited Review Fee	9.00	9.00
- Certification Fee	7.65	11.28
- Reimbursement of Expenses	2.87	2.17
Legal and Professional Charges	309.84	248.49
Repairs and Maintenance on:		
- Buildings	57.99	62.25
- Machinery	86.51	84.81
- Information Technology	218.49	179.46
- Other Assets	26.85	22.64
Filing Fees	9.80	10.03
Directors' Sitting Fees	34.70	22.70
Corporate Social Responsibility Expenses (Refer Note 38)	37.04	37.58
Loss on Sale of Property, Plant and Equipment	0.12	0.22
Miscellaneous Expenses	38.85	38.70
Total	1,463.16	1,341.57
33. CONTINGENT LIABILITIES		
Claims against the Company not acknowledged as debt;		
a) Income Tax issues	226.99	9.83
b) Service Tax Issues	1,328.29	1,328.29
The Company had deposited with Service Tax department an amount of ₹ 98.63 lakhs against the demand relating to payment of Cenvat credit under Protest. The Company had filed a writ petition before the Honourable High Court of Madras. The Hon'ble High Court of Madras had directed the Company on 9th November 2020 to proceed before the Customs Excise and Service Tax Appellate Tribunal (CESTAT). Accordingly, the Company has filed appeal before CESTAT.		
c) The pending litigations as at 31st March 2022 has been compiled and reviewed. The current position of litigations has been evaluated and effect thereof have been appropriately disclosed in the financial statements.		
d) Contingent Liabilities shall be Classified as:		
i) Claimed against the Company not acknowledged as debt	Nil	Nil
ii) Guarantees excluding financial guarantees; and	Nil	Nil
iii) Other money for which the Company is contingently liable	Nil	Nil
e) Commitments shall be classified as;		
i) Estimated amount of contracts remaining to be excluded on Capital Account and not provided for;	Nil	Nil
ii) Uncalled liability on Shares and other Investments partly paid;	Nil	Nil
iii) Other Commitments (Specify nature);	Nil	Nil
34. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF :		
Annual Maintenance Charges - Information Technology	94.97	85.79

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	For the Year ended 31st March 2022	For the Year ended 31st March 2021
35. REMITTANCE OF DIVIDEND IN FOREIGN CURRENCY		
Year to which the dividend relates	2020-21	2019-20
No. of non-resident share holders	1	1
No. of shares on which dividend remittance was made	44,50,000	44,50,000
Amount remitted (₹ Lakhs)	21.15	21.15

36. DETAILS OF CRYPTO CURRENCY OR VIRTUAL CURRENCY

Period/Year ended or As at	31st March 2022	31st March 2021
Profit or Loss on transactions involving Crypto currency or Virtual Currency	-	-
Amount of currency held as at the reporting date	-	-
Deposits or advances from any person for the purpose of trading or investing in Crypto Currency or virtual currency	-	-

37. ADDITIONAL REGULATORY DISCLOSURES (for the period from 1st April 2021 to 31st March 2022 and for the Year ended 31st March 2021)

- There are no Title deeds of Immovable Properties that were not held in name of the Company.
- The Company measures investment property using cost based measurement.
- There were loans and advances in the nature of loans, which are granted to promoters, directors, KMP and other related parties (as defined under the Companies Act, 2013), either severally or jointly with any other persons that are repayable on demand or without specifying the terms or period of repayment.

Particulars	Amount of Loan (or) Advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Promoters	-	-
Directors	-	-
KMP's	9.17	0.01
Related Party	1,590.77	1.39%

- There were no proceedings that have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and the rules made thereunder.
- In respect of borrowings from banks or financial institutions on the basis of security of current assets, the Quarterly returns or statements of current assets filed by the company with banks or financial institutions are in agreement with the books of account.
- The Company has not been declared as a wilful defaulter by any bank or financial Institution or other lender.
- The Company did not have any transactions with the companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 except the following :

Particulars	Balance outstanding as at		Relationship with struck off company
	31st March 2022	31st March 2021	
First Choice Financial Services Private Limited	0.00	0.00	Equity Shareholder
Kothari & Sons (Nominees) Private Limited	0.00	0.00	Equity Shareholder
Kwality General Finance Associates Limited	0.00	0.00	Equity Shareholder
West Mambalam Suga Leasing & Finance Limited	0.00	0.00	Equity Shareholder

Note : 0.00 denotes amounts less than Rs. 1,000/-

- The Company did not have any charges or satisfaction of charges under the Companies Act, 2013, which are yet to be registered with ROC beyond the statutory period.
- The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

understanding (whether recorded in writing or otherwise) that the Intermediary shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

- j. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- k. The Company has not entered into any Scheme of Arrangements that has been approved by the Competent Authority in terms of Sections 230 to 237 of the Companies Act, 2013. Therefore disclosures pertaining to the same are not applicable.
- l. The Company has no layers as per the provisions of clause (87) of Section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 for the financial years ended 31st March 2022 and 31st March 2021.
- m. There are no transactions that are previously not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

38. NOTE ON EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY

The following is the information regarding projects/programmes undertaken and expenses incurred on CSR activities during the year ended 31st March 2022:

I. Amount required to be spent by the company during the year: ₹ **37.00** Lakhs (FY 2020-21 : ₹ 37.58 Lakhs)

II. Amount spent during the year on: (by way of contribution to the trusts and the projects undertaken) (₹ Lakhs)

Particulars	31st March 2022	31st March 2021
a. Construction / acquisition of any asset	-	-
b. On purposes other than (a) above:	37.04	37.58
Total	37.04	37.58

Period / Year ended	31st March 2022	31st March 2021
Amount required to be spent by the company during the year	37.00	37.54
Amount of expenditure incurred	37.04	37.58
Shortfall at the end of the year		
Total of previous years shortfall	Nil	Nil
Reason for shortfall	Nil	Nil
Nature of CSR activities		
1. Education	22.29	2.05
2. Health Care	13.55	16.11
3. Others	1.20	19.42
Details of related party transactions, (e.g.), contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Indian Accounting Standard	11.35	0.40
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	Nil	Nil

Refer Note 44 on disclosure pursuant to Ind AS 24 - Related Party Disclosures for contributions to related party.

39. CAPITAL MANAGEMENT

The company 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.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	As at 31st March 2022			As at 31st March 2021 Ratio (%)	% of Variance	Reason for variance (If above 25%)
	Numerator	Denominator	Ratio (%)			
Capital to Risk weighted Assets Ratio (CRAR)	26,325.33	121,547.13	21.66%	22.52%	-3.83%	NA
Tier - I Capital	16,697.54	121,547.13	13.74%	13.05%	5.27%	NA
Tier - II Capital	9,627.79	121,547.13	7.92%	9.47%	-16.36%	NA
Liquidity Coverage Ratio	2,888.29	518.34	557.22%	418.65%	33.10%	The reason for variance above 25% is due to change in methodology of calculation of ratio adopted as per the RBI circular dt. 4th November 2019.

The Company has complied with all regulatory requirements related to capital and capital adequacy ratios as prescribed by RBI.

Particulars	As at 31st March 2022	As at 31st March 2021
Tier - I Capital	16,697.54	15,702.21
Tier - II Capital	9,627.79	11,395.40
Total Capital	26,325.33	27,097.61
Aggregate of Risk Weighted Assets	121,547.13	120,332.70
Tier-I Capital adequacy ratio	13.74%	13.05%
Total Capital adequacy ratio	21.66%	22.52%

“Tier I Capital” means owned fund as reduced by investment in shares of other non-banking financial companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, ten per cent of the owned fund.

“Owned fund” means paid up equity capital, preference shares which are compulsorily convertible into equity, free reserves, balance in share premium account and capital reserves representing surplus arising out of sale proceeds of asset, excluding reserves created by revaluation of asset, as reduced by accumulated loss balance, book value of intangible assets and deferred revenue expenditure, if any.

“Tier II Capital” includes the following -

- preference shares other than those which are compulsorily convertible into equity;
- revaluation reserves at discounted rate of fifty five percent;
- General provisions (including that for Standard Assets) and loss reserves to the extent these are not attributable to actual diminution in value or identifiable potential loss in any specific asset and are available to meet unexpected losses, to the extent of one and one fourth percent of risk weighted assets.
- hybrid debt capital instruments;
- Sub-Ordinated debt to the extent the aggregate does not exceed Tier I capital and
- perpetual debt instruments issued by a non-deposit taking non-banking financial company which is in excess of what qualifies for Tier I Capital, to the extent the aggregate does not exceed Tier I capital.

Aggregate Risk Weighted Assets:

Under RBI Guidelines, degrees of credit risk expressed as percentage weightages have been assigned to each of the on-balance sheet assets and off-balance sheet assets. Hence, the value of each of the on-balance sheet assets and off-balance sheet assets requires to be multiplied by the relevant risk weights to arrive at risk adjusted value of assets. The aggregate shall be taken into account for reckoning the minimum capital ratio.

40. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below show the maturity analysis of assets and liabilities according to when they are expected to be recovered or settled.

(₹ Lakhs)

Particulars	As at 31st March 2022		As at 31st March 2021		Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
ASSETS					
Financial Assets					
Cash and Cash Equivalents	1,449.51	-	1,364.11	-	1,364.11
Bank Balances other than Cash and Cash Equivalents	1,129.31	-	375.79	-	375.79
Derivative Financial Instruments	-	-	-	-	-
Receivables					
(i) Trade Receivables	169.25	-	182.41	-	182.41
(ii) Other Receivables	16.56	-	3.52	-	3.52
Loans	54,813.83	55,497.37	48,784.87	60,568.86	109,353.73
Investments	375.13	2,112.75	200.54	2,467.74	2,668.28
Other Financial Assets	1,000.32	712.59	973.64	856.79	1,830.43
Non-Financial Assets					
Current tax Assets (net)	17.40	-	-	-	-
Deferred tax Assets (net)	-	217.94	-	-	-
Investment Property	-	275.21	-	279.81	279.81
Property Plant and Equipment	-	5,946.63	-	6,122.29	6,122.29
Right of use assets	-	1,093.60	-	1,070.50	1,070.50
Intangible Assets under development	-	-	-	86.27	86.27
Other Intangible Assets	-	179.46	-	102.57	102.57
Other Non-Financial Assets	436.14	1,500.00	335.71	-	335.71
Total Assets	59,407.45	67,535.55	52,220.59	71,554.83	1,23,775.42

NOTES TO THE ACCOUNTS (Contd....)

(₹ Lakhs)

Particulars	As at 31st March 2022		As at 31st March 2021		Total
	Less than 12 months	More than 12 months	Less than 12 months	More than 12 months	
LIABILITIES AND EQUITY					
Liabilities					
Financial Liabilities					
Payables					
(I) Trade Payables					
(i) Total outstanding dues of micro enterprises and small enterprises	0.28	-	3.26	-	3.26
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	127.76	-	140.62	-	140.62
(II) Other Payables					
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	175.13	-	151.48	-	151.48
Debt Securities	10,075.19	31,484.85	7,010.62	21,700.64	28,711.26
Borrowings (Other than debt securities)	12,870.25	2,695.44	17,971.25	5,087.91	23,059.16
Deposits	6,160.73	2,379.87	8,700.54	8,385.81	17,086.35
Sub-Ordinated Liabilities	16,252.83	23,277.94	475.02	33,005.04	33,480.06
Other Financial Liabilities	966.77	459.37	1,267.55	404.82	1,672.37
Non-Financial Liabilities					
Current tax Liabilities (net)	-	-	47.29	-	47.29
Provisions	122.65	-	69.07	49.02	118.09
Deferred tax Liabilities (net)	-	-	-	39.48	39.48
Other Non-Financial Liabilities	99.55	-	68.47	-	68.47
Equity					
Equity Share Capital	-	6,470.59	-	6,470.59	6,470.59
Other Equity	-	13,323.80	-	12,726.94	12,726.94
Total Liabilities and Equity	46,851.14	80,091.86	1,26,943.00	87,870.25	1,23,775.42

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
41. DISCLOSURE PURSUANT TO IND AS "7" - Change in Liabilities arising from Financing Activities

(₹ Lakhs)

Particulars	31st March 2021	Cash Flows	Others	31st March 2022
Debt Securities	28,711.26	12,788.72	60.06	41,560.04
Deposits	17,086.35	(8,601.79)	56.04	8,540.60
Borrowings Other than Debt securities	23,059.16	(3,528.23)	(3,965.24)	15,565.69
Sub-Ordinated Liabilities	33,480.06	4,326.58	1,724.12	39,530.76
Lease Liability	331.61	1.45	53.11	386.17
Total	1,02,668.44	4,986.73	(2,071.91)	1,05,583.26

42. DISCLOSURE PURSUANT TO IND AS "12" INCOME TAX
a. Explanation of Relationship between tax Expense and Accounting Profit

Sl No	Particulars	FY 2021-22	FY 2020-21
1	Profit before Tax	1,292.04	1,257.44
2	Applicable Income Tax Rate (%)	25.17%	25.17%
3	Expected Income Tax Expense	325.23	316.48
4	Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
	Effect of expenses / provisions not deductible in determining taxable profit	542.05	471.85
	Effect of expenses / provisions deductible in determining taxable profit	(266.10)	(480.90)
	Effect of tax incentives and concessions	-	-
	Effect of differential tax rate	-	-
	Effect of interest on tax	-	24.22
	Tax Effect of Adjustments	-	-
5	Tax Expense/(Income)	601.19	331.65

b. Deferred Tax Asset/(Liabilities) - Major Components

Sl No	Particulars	Balance as at 31st March 2021	Tax Expense/ (Income) charged in P&L	Tax Expense/ (Income) charged in OCI	Balance as at 31st March 2022
		(A)	(B)	(C)	D = (A) - (B+C)
1	Application of Expected Credit Loss on Financial Assets	793.33	(189.09)	-	982.42
2	Employee benefit expenses	29.72	(4.66)	3.51	30.87
3	Right of Use Assets and Lease Liabilities	7.35	(0.49)	-	7.84
4	Application of EIR On Financial Liabilities	(96.20)	(31.37)	-	(64.83)
5	Differences in carrying amount of Property, Plant and Equipment	(773.68)	(35.32)	-	(738.36)
	Deferred Tax Asset / (Liabilities)	(39.48)	(260.93)	3.51	217.94

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
c. Tax Items in Statement of Profit and Loss

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
1	Current Tax Expense/(Income)	601.09	508.42
2	Deferred Tax Expense/(Income)		
	Amount of deferred tax expense/(income) relating to originating and reversal of temporary difference	(260.93)	(176.77)
	Amount of deferred tax expense/(income) relating to change in tax rates or the imposition of new taxes	-	-
	Income Tax Expense / (Income) recognised in statement of profit and loss	340.16	331.65

d. Tax Items recognised in Other Comprehensive Income

Sl No	Particulars	31st March 2022	31st March 2021
1	Tax Expense		
	- Current Tax Expense	-	-
	- Deferred Tax Expense	3.51	0.55
	Income Tax Expense/(Income) recognised in Other Comprehensive Income	3.51	0.55

e. There is no tax expense charged directly to other equity.

f. Tax U/s 115 BAA of Income Tax Act

Pursuant to the Taxation Laws (Amendment) Ordinance 2019, Finance (No. 2) Act, 2019, the Company had exercised the option permitted Under Section 115BAA of the Income Tax Act, 1961 to compute Income Tax at an effective rate (i.e. 25.17%) from the financial year 2019-20.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

43. DISCLOSURE REQUIREMENTS UNDER IND AS 19 ("Employee Benefits")

a. Defined benefit obligation - Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment upon death while in employment or at the time of separation. Based on rules of the scheme, the benefits are calculated on basis of last drawn salary and the period of service rendered and paid as lumpsum. There is a vesting period of 5 years. The plan involves the following risks that affect the liabilities and cash flows.

1. Interest rates risk:

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption then the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption then the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date

5. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Gratuity plan.

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the period	198.87	197.87
	(i) Current service cost	20.78	21.70
	(ii) Past Service Cost	-	-
	(iii) Interest cost	11.63	11.53
	(iv) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(2.38)	(2.01)
	(b) Changes in demographic assumptions	-	(0.13)
	(c) Experience on defined benefit obligation	(6.63)	(6.89)
	(v) Benefits paid	(42.86)	(23.20)
	Defined benefit obligation as at the end of the period	179.41	198.87

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
II	Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the period	177.76	169.16
	(i) Benefits Paid	(42.86)	(23.20)
	(ii) Employer Contribution	19.98	28.02
	(iii) Expected Interest Income on Plan Assets	10.91	10.62
	(iv) Actuarial (Loss)/Gain from Return on plan Assets	4.93	(6.84)
	Fair Value of Plan Assets as at the end of the period	170.72	177.76
	Net (Asset)/Liability Recognised in Balance Sheet (I-II)	8.69	21.11
III	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	20.78	21.70
	(ii) Past Service Cost	-	-
	(iii) Interest Cost	11.63	11.53
	(iv) Expected Interest Income on Plan assets	(10.91)	(10.62)
	(v) Others	-	10.48
	Net Cost recognized in the Statement of Profit and Loss	21.50	33.09
IV	Re-measurement (loss)/gain due to :		
	(a) Changes in financial assumptions	(2.38)	(2.01)
	(b) Changes in demographic assumptions	-	(0.13)
	(c) Experience on defined benefit obligation	(6.63)	(6.89)
	Actuarial (Loss)/Gain from Return on plan assets	(4.93)	6.84
	Net cost recognised in Other Comprehensive Income	(13.94)	(2.19)
V	Significant Actuarial Assumptions		
	(i) Discount Rate	7%	6%
	(ii) Expected Return on Plan Assets	6%	6%
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
VI	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.61%)	(3.48%)
	- 100 Basis Rate	3.95%	3.81%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.78%	3.66%
	- 100 Basis Rate	(3.51%)	(3.40%)
	(iii) Attrition Rate		
	+ 100 Basis Rate	0.13%	0.00%
	- 100 Basis Rate	(0.15%)	(0.02%)

b. Other Long Term Benefits - Leave Encashment

The leave encashment is long term benefit plan, that provides for a lumpsum payment upon death of employee or at the time of separation. Based on scheme rules the benefits are calculated on the basis of last drawn salary and the leave count and paid as lumpsum.

The benefit involves the following risks that affect the liabilities and cash flows.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1. Interest rates risk :

The defined benefit obligation calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Salary inflation risk:

Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

The following table summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the Leave encashment plan. (₹ Lakhs)

Sl No	Particulars	As at 31st March 2022	As at 31st March 2021
I	Present Value of Defined Benefit Obligation		
	Defined benefit obligation at the beginning of the period	41.35	49.02
	(i) Current service cost	13.12	8.91
	(ii) Interest cost	1.38	2.83
	(iii) Re-measurement Loss/(gain) due to :		
	(a) Changes in financial assumptions	(0.84)	(0.38)
	(b) Changes in demographic assumptions	-	0.01
	(c) Experience on defined benefit obligation	46.45	(5.17)
	(iv) Benefits paid	(40.50)	(6.20)
	Closing defined benefit obligation	60.96	49.02
II	Cost of Defined Benefit Plan for the Year		
	(i) Current service cost	13.12	8.91
	(ii) Interest cost	1.38	2.83
	(iii) Others	23.91	(5.26)
	Net Cost recognized in the Statement of Profit and Loss	38.41	6.48
III	Significant Actuarial Assumptions		
	(i) Discount Rate	7%	6%
	(ii) Expected Return on Plan Assets	-	-
	(iii) Salary Escalation Rate	4%	4%
	(iv) Attrition Rate	19%	19%
IV	Sensitivity Analysis for significant actuarial assumption		
	(i) Discount Rate		
	+ 100 Basis Rate	(3.69%)	(3.73%)
	- 100 Basis Rate	4.60%	4.10%
	(ii) Salary Growth		
	+ 100 Basis Rate	3.63%	3.65%
	- 100 Basis Rate	(3.35%)	(3.31%)
	(iii) Discount Rate		
	+ 100 Basis Rate	0.06%	(0.05%)
	- 100 Basis Rate	(0.06%)	(0.08%)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

44. Disclosure pursuant to Ind AS "24" - Related Party Disclosure

Relationships

A	Enterprises in which the Key Management Personnel and their relatives can exercise significant influence	ABT Ltd. ABT Finance Ltd. ABT Foundation Ltd. ABT Industries Ltd. ARC Retreading Co. Pvt. Ltd. N Mahalingam & Co Nachimuthu Industrial Association Ramanandha Adigalar Foundation Sakthifinance Financial Services Ltd. Sakthifinance Financial Services (Cochin) Private Ltd Sakthifinance Holdings Ltd. Sakthi Realty Holdings Ltd. Sakthi Sugars Ltd. Sakthi Auto Components Ltd Sakthi Properties (Coimbatore) Ltd Sri Chamundeswari Sugars Ltd. Sri Sakthi Textiles Ltd. Sakthi Pelican Insurance Broking Private Limited The Gounder and Company Auto Ltd Sakthi Foundation Suddha Sanmarga Nilayam The Vanavarayar Foundation Trust
B	Key Management Personnel	Dr M Manickam, Chairman Sri M Balasubramaniam, Vice Chairman and Managing Director Sri M Srinivaasan, Director Dr A Selvakumar Independent Director Sri P S Gopalakrishnan, Independent Director Smt Priya Bhansali, Independent Director Sri K P Ramakrishnan, Independent Director Dr S Veluswamy, Director (Finance & Operations) and CFO Sri Srinivasan Anand, Chief Financial Officer Sri S Venkatesh, Company Secretary and Chief Compliance Officer
C	Relatives of Key Management Personnel	Smt Vinodhini Balasubramaniam, Wife of Sri M Balasubramaniam Smt Samyuktha Vanavarayar, Daughter of Sri M Balasubramaniam Selvi Shruthi Balasubramaniam, daughter of Sri M Balasubramaniam Sri Amrith Vishnu Balasubramaniam, Son of Sri M Balasubramaniam Sri M Harihara Sudhan, Son of Dr M Manickam Smt Bhavani Gopal, Wife of Sri P S Gopalakrishnan Smt Lalitha Ramakrishnan, Wife of Sri K P Ramakrishnan Smt Karunambal Vanavarayar, Sister of Dr M Manickam Selvi Anusha Bhansali, daughter of Smt Priya Bhansali

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Transactions / Material Transactions with Related Parties made during the year

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
1	Income					
	Rent received					
	Sakthifinance Financial Services Ltd	7.12	-	-	7.12	3.52
	ABT Industries Ltd	18.90	-	-	18.90	-
	Income from HP Operations					
	Sakthi Foundation	19.22	-	-	19.22	21.76
	Suddha Sanmarga Nilayam	2.14	-	-	2.14	3.19
	Interest Income					
	ABT Industries Ltd.	75.01	-	-	75.01	78.65
2	Expenses					
	Purchase of fuel and others					
	N.Mahalingam & Co	10.22	-	-	10.22	7.47
	Reimbursement of Expenses (Electricity / Internet charges)					
	ABT Industries Ltd	7.87	-	-	7.87	9.70
	Rent paid					
	Smt.Vinodhini Balasubramaniam	-	-	2.40	2.40	2.40
	M. Srinivaasan	-	111.86	-	111.86	63.72
	ARC Retreading Company Pvt Ltd	2.23	-	-	2.23	2.01
	Resource Mobilisation Charges					
	Sakthifinance Financial Services Ltd.	77.00	-	-	77.00	153.53
	Printing charges					
	Nachimuthu Industrial Association	12.63	-	-	12.63	15.45
	Sakthi Sugars Ltd. (Om Sakthi)	2.31	-	-	2.31	3.60
	Sakthi Foundation	0.80	-	-	0.80	-
	CSR Expenses					
	Ramanandha Adigalar Foundation	-	-	-	-	0.40
	The Vanavarayar Foundation Trust	11.35	-	-	11.35	-
	Remuneration					
	M.Balasubramaniam	-	49.80	-	49.80	41.40
	S.Veluswamy	-	32.58	-	32.58	29.47
	Srinivasan Anand *	-	29.35	-	29.35	-
	S.Venkatesh	-	16.73	-	16.73	15.45
	Perquisites					
	S.Veluswamy	-	3.15	-	3.15	1.76
	Employee Benefits					
	M.Balasubramaniam	-	4.32	-	4.32	5.87
	S.Veluswamy	-	1.83	-	1.83	2.28
	Srinivasan Anand	-	0.55	-	0.55	-
	S.Venkatesh	-	0.99	-	0.99	1.14

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
	Commission **					
	M.Balasubramaniam	-	63.67	-	63.67	56.73
	Sitting Fees					
	Non-Executive Directors					
	M.Manickam	-	3.50	-	3.50	1.90
	M.Srinivaasan	-	4.20	-	4.20	2.40
	Independent Directors					
	A Selvakumar	-	9.90	-	9.90	6.00
	P S Gopalakrishnan	-	3.60	-	3.60	3.30
	Priya Bhansali	-	5.50	-	5.50	4.10
	K P Ramakrishnan	-	8.00	-	8.00	5.00
** Subject to the approval of shareholders at the ensuing Annual General Meeting * CFO with effect from 3rd September 2021						
3	Assets					
	Loans and advances given					
	S.Venkatesh	-	-	-	-	15.00
	ABT Industries Ltd	410.00	-	-	410.00	-
	Advance for Property, Plant and Equipment					
	Sakthi Sugars Ltd.	1,500.00	-	-	1,500.00	-
	Loans and advances repaid					
	ABT Industries Ltd	(410.00)	-	-	(410.00)	(499.00)
	S.Venkatesh	-	(5.00)	-	(5.00)	(0.83)
	Outstanding as at the year end					
	Loans and advances					
	Sakthi Properties (Coimbatore) Ltd	850.00	-	-	850.00	850.00
	Sakthi Foundation	81.66	-	-	81.66	121.18
	Suddha Sanmarga Nilayam	9.01	-	-	9.01	18.96
	Sakthifinance Financial Services Ltd	31.49	-	-	31.49	29.26
	Sakthi Reality Holdings Ltd	-	-	-	-	0.01
	Sakthi Pelican Insurance Broking Private Ltd	10.83	-	-	10.83	10.83
	ABT Industries Ltd	9.14	-	-	9.14	-
	S.Venkatesh	-	9.17	-	9.17	14.17
	Rent / Other reimbursement receivables					
	Sakthifinance Financial Services Ltd	14.87	-	-	14.87	9.13
	ABT Industries Ltd.	6.80	-	-	6.80	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
4	Liabilities					
	Transactions during the year					
	Investment in NCDs:					
	ABT Finance Ltd	-	-	-	-	400.00
	Sakthifinance Financial Services Ltd	45.00	-	-	45.00	704.75
	Smt Samyuktha Vanavarayar	-	-	120.00	120.00	-
	Miss Shruthi Balasubramaniam	-	-	10.00	10.00	5.00
	Smt Karunambal Vanavarayar	-	-	300.00	300.00	-
	ABT Finance Ltd	-	-	-	-	12.46
	Sri P S Gopalakrishnan	-	-	-	-	10.00
	Smt Vinodhini Balasubramaniam	-	-	-	-	10.00
	Smt Lalitha Ramakrishnan	-	-	-	-	6.00
	Miss Anusha Bhansali	-	-	-	-	10.00
	Investment in Deposits:					
	M. Harihara Sudhan	-	-	(7.74)	(7.74)	-
	Investment in Redeemable Cummulative Preference Shares ("RCPS") :					
	Sakthi Financial Services Cochin Pvt Ltd	216.70	-	-	216.70	-
	Outstanding as at the year end					
	Investment in NCDs:					
	ABT Finance Ltd	12.46	-	-	12.46	12.46
	Sakthifinance Financial Services Ltd	49.75	-	-	49.75	4.75
	Sakthi Financial Services (Cochin) Private Ltd	157.06	-	-	157.06	22.06
	Sri P S Gopalakrishnan	-	10.00	-	10.00	10.00
	Smt.Vinodhini Balasubramaniam	-	-	80.00	80.00	80.00
	Smt.Samyuktha Vanavarayar	-	-	195.00	195.00	75.00
	Miss.Shruthi Balasubramaniam	-	-	78.00	78.00	68.00
	Bhavani Gopal	-	-	10.00	10.00	10.00
	Smt Lalitha Ramakrishnan	-	-	30.00	30.00	30.00
	Sri Harihara Sudhan Manickam	-	-	2.00	2.00	2.00
	Miss. Anusha Bhansali	-	-	10.00	10.00	10.00
	Smt Karunambal Vanavarayar	-	-	300.00	300.00	-
	Investment in Deposits:					
	Sri Harihara Sudhan Manickam	-	-	-	-	7.74
	Investment in SD Bonds:					
	Smt.Vinodhini Balasubramaniam	-	-	10.00	10.00	10.00
	Ms.Shruthi Balasubramaniam	-	-	10.00	10.00	10.00
	Investment in Redeemable Cummulative Preference Shares ("RCPS") :					
	Sakthi Financial Services (Cochin) Private Ltd	216.70	-	-	216.70	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Nature of Transactions	Related parties where significant influence is exercised where controls exist	Key Management Personnel	Relatives of Key Management Personnel	For the year ended 31st March 2022	For the year ended 31st March 2021
	Liabilities for Expenses Payable:					
	ABT Ltd	-	-	-	-	3.79
	ABT Industries Ltd	-	-	-	-	7.97
	ARC Retreading Company Pvt Ltd	0.19	-	-	0.19	0.19
	Nachimuthu Industrial Association	0.28	-	-	0.28	3.26
	N. Mahalingam And Co.	0.99	-	-	0.99	0.98
	Sakthi Sugars Ltd.	0.41	-	-	0.41	0.66
	Commission Payable to Mr. Balasubramaniam	-	63.67	-	63.67	56.73
	M.Srinivaasan	-	5.73	-	5.73	2.89

45. Disclosure pursuant to Ind AS 33 - Earnings Per Share

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
a) Weighted average number of equity shares of ₹ 10 each		
(i) Number of shares at the beginning of the year	6,47,05,882	6,47,05,882
(ii) Number of shares at the end of the year	6,47,05,882	6,47,05,882
(b) Weighted average number of shares outstanding during the year (nos)	6,47,05,882	6,47,05,882
(c) Net Profit after tax available for equity shareholders (₹ lakhs)	985.10	939.37
Basic and diluted earnings per share (₹)	1.52	1.45

46. FINANCIAL RISK MANAGEMENT FRAMEWORK

The company is engaged in finance business and like any other NBFC is exposed to risks such as credit risk, liquidity risk, market risk, operational risks etc. The company follows pro-active risk management practices to mitigate these risks. The risk management policies are periodically reviewed by the Risk Management Committee and Audit Committee.

Credit Risk

Credit risk is the risk that arises when the borrowers of the company are unable to meet the financial obligations.

The Company has a comprehensive and well - defined credit policy, which encompasses a credit approval process for all businesses along with guidelines for mitigating the risks associated with them. The appraisal process includes a detailed risk assessment of the borrowers, physical verifications and field visits. The company has a robust post sanction monitoring process supervision and follow-up to identify portfolio trends and early warning signals. This enables the company to implement necessary changes to the credit policy, whenever the need arises. Also being in asset finance, the company's lending is secured by adequate collaterals from the borrowers.

Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

In assessing the impairment of financial loans under Expected credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The difference in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income

The Company categorises loan assets into stages primarily based on the Days of Past Due Status.

Stage 1 : 0-30 days past due

Stage 2 : 31-90 days past due

Stage 3 : More than 90 days past due

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Expected Credit Loss ("ECL")

As a result of adoption of IndAs , the company has followed Ind As 109 for the calculation of expected credit loss. The measurement of ECL involves three main components Viz,

Exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

Definition of Default

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

Probability of Default (PD)

The Probability of Default is an estimate of the likelihood of an account getting into default over a given time horizon. The PD model reflects the probability of default, taking into consideration the residual tenor of each contract and it relies not only on historical information and the current economic environment, but also considers forward-looking information such as the forecasts on the macroeconomic factors like GDP, Inflation rate etc.

Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default

Exposure at Default (EAD) is defined as the sum of Principal outstanding and interest accrued at the reporting date.

Collateral Valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc.

Write-offs

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference recorded as an expense in the period of write off. Any subsequent recoveries against such loans are credited to the statement of profit and loss.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

The following table provides an overview of the gross carrying amount of loan assets stage-wise :

Particulars	31st March 2022			31st March 2021				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	97,136.73	10,255.72	5,594.01	112,986.46	88,735.09	16,319.59	4,983.03	110,037.71
New business - net of recovery	53,042.83	1,476.15	17.14	54,536.12	49,384.44	1,458.82	-	50,843.26
Transfer due to change in credit worthiness								
Stage 1	2,639.69	(2,486.81)	(152.88)	-	3,455.57	(3,414.05)	(41.52)	-
Stage 2	(6,071.61)	6,102.17	(30.56)	-	(6,197.08)	6,303.02	(105.94)	-
Stage 3	(1,054.61)	(684.56)	1,739.17	-	(1,203.51)	(1,007.37)	2,210.88	-
Financial Assets that have been derecognised	(45,956.83)	(5,456.32)	(1,129.61)	(52,542.76)	(37,016.55)	(9,397.49)	(1,313.70)	(47,727.74)
Write off during the year	(56.42)	(5.87)	(95.06)	(157.35)	(21.23)	(6.80)	(138.74)	(166.77)
Balance at the end of the year	99,679.78	9,200.48	5,942.21	114,822.47	97,136.73	10,255.72	5,594.01	112,986.46

(₹ Lakhs)

The following table provides an overview of the Expected Credit Loss, stage-wise :

Particulars	31st March 2022			31st March 2021				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at the beginning of the year	130.73	296.92	3,205.09	3,632.74	97.12	322.72	2,571.69	2,991.53
New business - net of recovery	80.99	11.99	1.40	94.38	36.00	35.59	-	71.59
Transfer due to change in credit worthiness								
Stage 1	19.90	(18.71)	(1.19)	-	12.14	(11.90)	(0.24)	-
Stage 2	(58.78)	59.30	(0.52)	-	(179.80)	183.19	(3.39)	-
Stage 3	(174.16)	(196.07)	370.23	-	(247.36)	(237.62)	484.98	-
Financial Assets that have been derecognised	503.61	(33.45)	397.06	867.22	413.18	7.18	259.03	679.39
Write off during the year	(23.50)	(24.45)	(35.12)	(83.07)	(0.56)	(2.24)	(106.98)	(109.78)
Balance at the end of the year	478.79	95.53	3,936.95	4,511.27	130.72	296.92	3,205.09	3,632.73

Stage	31st March 2022			31st March 2021		
	Gross Value	Impairment Allowance	Net Carrying Value	Gross Value	Impairment Allowance	Net Carrying Value
Stage 1	99,679.78	478.79	99,200.99	97,136.73	130.72	97,006.01
Stage 2	9,200.48	95.53	9,104.95	10,255.72	296.92	9,958.80
Stage 3	5,942.21	3,936.95	2,005.26	5,594.01	3,205.09	2,388.92
Total	1,14,822.47	4,511.27	110,311.20	1,12,986.46	3,632.73	1,09,353.73

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
Geographical break-up of portfolio - Net Stock on Hire

(₹ Lakhs)

Particulars	FY 2022	FY 2021
Tamil Nadu & Puducherry	94,816	92,271
Kerala	14,897	15,579
Karnataka	2,409	2,787
Andhra	2,284	2,008
Total	1,14,406	1,12,645

Portfolio composition - Net Stock on Hire

Particulars	FY 2022	FY 2021
Commercial Vehicles	1,02,620	1,00,345
Cars & Jeeps	8,112	9,173
Construction Equipment	2,929	2,435
Machinery	670	689
Consumer Durables	75	3
Total	1,14,406	1,12,645

Liquidity Risk

Liquidity risk is the risk related to cash flows and the inability to meet the company's liabilities as and when they become due. It arises from the mismatches in the maturity pattern to cope with a decline in liabilities or increase in assets

The Company monitors these risks through appropriate risk limits. Asset Liability Management Committee ("ALCO") reviews these risks and related trends and helps adopt various strategies related to assets and liabilities, in line with company's risk management framework.

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2022 is furnished hereunder :

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Liabilities							
Deposits	2,096.24	2,007.06	2,308.63	2,379.87	-	-	8,791.80
Borrowings	7,401.46	2,166.92	13,595.67	60,020.66	13,677.61	-	96,862.32
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	9,497.70	4,173.98	15,904.30	62,400.53	13,677.61	-	1,05,654.12
Financial Assets							
Cash and cash equivalents	270.41	-	-	-	-	-	270.41
Bank balances	2,308.40	-	-	-	-	-	2,308.40
Loans	14,922.10	14,125.03	25,766.70	51,359.65	3,420.27	717.45	1,10,311.20
Investments	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
Other financial assets	814.21	200.86	415.48	774.74	-	707.42	2,912.71
Total	18,315.12	14,565.94	26,317.26	53,180.53	3,934.70	1,977.05	1,18,290.60

The contracted cash flow arising out of the financial liabilities and financial assets as at 31st March 2021 is furnished hereunder :

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Liabilities							
Deposits	1,387.46	3,902.83	3,816.16	8,328.95	-	-	17,435.40
Borrowings	5,377.82	2,759.84	18,062.21	33,780.98	25,501.30	-	85,482.15
Foreign Currency Assets	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-
Total	6,765.28	6,662.67	21,878.37	42,109.93	25,501.30	-	1,02,917.55

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	Up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Financial Assets							
Cash and cash equivalents	714.34	-	-	-	-	-	714.34
Bank balances	937.19	-	101.20	-	-	-	1,038.39
Loans	12,837.84	12,406.18	23,540.85	54,996.22	5,098.34	474.30	1,09,353.73
Investments	-	-	200.54	1,073.17	613.44	781.13	2,668.28
Other financial assets	864.33	217.19	342.46	800.76	738.88	-	2,963.62
Total	15,353.70	12,623.37	24,185.05	56,870.15	6,450.66	1,255.43	1,16,738.36

Market Risk

Market Risk is the risk arising in financial instruments due to changes in market variables such as interest rates, liquidity etc. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximising the return.

Interest Rate Risk

Interest Rate Risk is the possibility of loss arising from changes in the value of financial instruments as result of changes in market variables such as interest rates and other asset prices. The company's exposure to market risk is a function of asset liability management activities. Except the borrowings from banks, the interest rates of which are linked to MCLR, other borrowings are fixed rate instruments. The Company has not availed any foreign currency borrowings. The major portion of lending is at fixed rates.

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

Particulars	As at 31st March 2022	As at 31st March 2021
Financial assets		
Fixed rate instruments		
Loans	1,14,822.47	1,12,986.46
Investments	2,374.44	2,577.61
Bank Balances	182.79	318.96
Variable rate Instruments	-	-
Total	1,17,379.70	1,15,883.03
Financial Liabilities		
Fixed rate instruments		
Debt securities	41,740.44	28,893.61
Borrowings (other than debt securities)	5,051.56	8,494.11
Deposits	8,791.80	17,435.40
Sub-Ordinated liabilities	38,065.89	31,687.13
Preference Shares	-	1,842.25
Variable rate instruments		
Bank Borrowings	10,514.13	14,565.05
Total	1,04,163.82	1,02,917.55

As the fixed rate instruments are carried at amortised cost, their carrying amount will not vary because of changes in market interest rate.

A cash flow sensitivity analysis for variable rate instruments, indicating the possible change in Profit and Loss / equity for 1% change in interest rate is furnished hereunder:

Particulars	31st March 2022		31st March 2021	
	1 % increase in interest rate	1 % decrease in interest rate	1 % increase in interest rate	1 % decrease in interest rate
Variable rate instruments- carrying amount	+77	(77)	+83	(83)

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events.

The operational risks of the company are managed through comprehensive internal control systems and procedures and key back up processes.

Further submission of exceptional reports for procedural lapses at the branches level, risk-based audits on a regular basis across all business units/functions and IT disaster recovery plans are put in place for evaluating key operational risks the processes of which are meant to adequately mitigate them on an on-going basis.

47. Disclosure Pursuant To Ind AS "108" - Operating Segments

The Company is primarily engaged in the business of asset financing. This, in the context of Ind AS 108 on "Operating Segments" notified by the Companies (Indian Accounting Standards) Rules 2016, is considered to constitute a single primary segment.

The Company operates in single segments only. There are no operations outside india and hence there is no external revenue or assets which require disclosure.

48. Disclosure pursuant to Ind AS "113"

1. Financial Assets designated at Fair value through Other Comprehensive Income

(₹ Lakhs)

Particulars	Fair Value hierarchy	As at 31st March 2022	As at 31st March 2021
Investment in Equity Instruments	Level 1	75.09	52.32

2. Financial assets and financial liabilities measured at amortised cost as at 31st March 2022

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash and Cash Equivalents	1,449.51	1,449.51	-	-	1,449.51
Bank Balances other than Cash and Cash Equivalents	1,129.31	1,129.31	-	-	1,129.31
Trade Receivables	185.81	-	230.28	-	230.28
Loans	1,10,311.20	-	-	1,10,311.20	1,10,311.20
Investments	2,412.79	2,507.18	38.35	-	2,545.53
Other Financial Assets	1,712.91	-	1,712.91	-	1,712.91
Financial Liabilities					
Payables					
(I) Trade Payables	128.04	-	128.04	-	128.04
(II) Other Payables	175.13	-	175.13	-	175.13
Debt Securities	41,560.04	30,836.75	10,723.29	-	41,560.04
Borrowings (Other than debt securities)	15,565.69	15,565.69	-	-	15,565.69
Deposits	8,540.60	-	-	8,540.60	8,540.60
Sub-Ordinated Liabilities	39,530.77	-	-	39,530.77	39,530.77
Other Financial Liabilities	1,426.15	-	1,426.15	-	1,426.15

3. Financial assets and financial liabilities measured at amortised cost as at 31st March 2021

Particulars	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial Assets					
Cash and Cash Equivalents	1,364.11	1,364.11	-	-	1,364.11
Bank Balances other than Cash and Cash Equivalents	375.79	375.79	-	-	375.79
Trade Receivables	185.93	-	235.09	-	235.09
Loans	1,09,353.73	-	-	1,09,353.73	1,09,353.73
Investments	2,615.96	2,776.55	38.37	-	2,814.92
Other Financial Assets	1,830.43	-	-	1,830.43	1,830.43

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Particulars	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial Liabilities					
Payables					
(I) Trade Payables	143.88	-	143.88	-	143.88
(II) Other Payables	151.48	-	151.48	-	151.48
Debt Securities	28,711.26	16,938.78	11,772.48	-	28,711.26
Borrowings (Other than debt securities)	23,059.16	23,059.16	-	-	23,059.16
Deposits	17,086.35	-	-	17,086.35	17,086.35
Sub-Ordinated Liabilities	33,480.06	-	33,480.06	-	33,480.06
Other Financial Liabilities	1,672.37	-	1,672.37	-	1,672.37

Note:

The Management assessed that cash and cash equivalents, bank balances other than cash and cash equivalents, receivables, other financial assets, payables, and other financial liabilities approximates their carrying amount largely due to short-term maturities of these instruments.

There were no transfers between level 1 and level 2 for any asset or liabilities during the year.

49. Disclosure Pursuant to Ind AS "116" Leases
In cases of leases where the Company is a lessee (Operating Lease)

The Company's lease asset class primarily consists of land and buildings taken on lease for Corporate office and Branch office premises used for operating activities

(₹ Lakhs)

Particulars	31st March 2022	31st March 2021
(a) Depreciation charge for Right-of-Use Assets	217.72	144.30
(b) Interest expense on Lease Liabilities	36.28	29.18
(c) The expense relating to short-term leases	-	-
(d) The expense relating to leases of low-value assets	35.39	60.39
(e) Total cash outflow for leases	231.81	215.75
(f) Additions to right-of-use assets	-	-
(g) The carrying amount of right-of-use assets at the end of the reporting period	1,093.60	1,070.50

Maturity Analysis

31st March 2022 31st March 2021

Less than 1 year	214.23	127.27
1-3 years	194.54	159.03
3-5 years	21.53	81.17
More than 5 years	10.32	51.53
Total future undiscounted cash outflow on lease liability	440.62	419.00

In cases of leases where the Company is a lessor (Operating Lease)

The Company has given four buildings on operating lease for commercial purposes and recognises the income as per the contractual terms of lease.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

50. Disclosures under RBI Directions

50.1 Schedule to the Balance Sheet of a Non-Banking Financial Company as required under Master Direction- Non-Banking Financial Company / Systemically important Non-Deposit taking Company and Deposit-taking company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	As at 31st March 2022		As at 31st March 2021	
		Amount outstanding	Amount Overdue #	Amount outstanding	Amount Overdue #
(1)	Liabilities Side:				
	Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:				
	(a) Debentures : Secured	41,740.44	180.40	28,893.61	182.35
	: Unsecured (Other than falling within the meaning of Public deposit)			-	-
	(b) Deferred Credits	-	-	-	-
	(c) Term Loans	3,810.72	-	5,568.31	-
	(d) Inter-Corporate loans and borrowing	1,240.84	-	2,925.80	-
	(e) Commercial paper	-	-	-	-
	(f) Public Deposits	8,791.80	251.20	17,435.40	349.05
	(g) Sub-Ordinated Debts	39,556.18	25.41	33,529.38	49.32
	(h) Other Loans - Cash Credit	10,514.13	-	14,565.05	-
(2)	Break-up of (1) (f) and (g) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):				
	(a) In the form of Unsecured Debentures	11,640.38	-	6,460.97	-
	(b) In the form of Partly secured Debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c) Other Public Deposits	8,791.80	251.20	17,435.40	349.05
	(d) Sub-Ordinated Debts	26,425.51	25.41	25,226.16	49.32
	# Represents unclaimed deposits and interest accrued thereon				
(3)	Assets Side:				
	Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):		Amount outstanding		Amount outstanding
	(a) Secured		-		-
	(b) Unsecured		416.20		341.44
(4)	Break-up of Leased Assets and Stock on Hire and Other assets counting towards AFC activities:				
	(1) Lease Assets including lease rentals under Sundry Debtors				
	(a) Financial Lease		-		-
	(b) Operational Lease		-		-
	(2) Assets on Hire including Hire charges under Sundry Debtors				
	(a) Stock on Hire		1,14,215.90		1,12,435.69
	(b) Repossessed Assets		190.37		209.33
	(3) Other Loans counting towards AFC activities				
	(a) Loans where assets have been repossessed		-		-
	(b) Loans other than (a) above		-		-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

(5) Break-up of Investments:	As at 31st March 2022	As at 31st March 2021
Current Investments :		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
Long Term Investments :		
1. Quoted		
(i) Shares : (a) Equity	75.09	52.32
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	2,374.44	2,577.61
(v) Others	-	-
2. Unquoted :		
(i) Shares : (a) Equity	38.41	38.41
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(6) Borrower group-wise classification of assets financed as in 3 and 4 above (₹ Lakhs)						
Category	31st March 2022 (Amount net of provisions)			31st March 2021 (Amount net of provisions)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	90.77	9.17	99.94	140.14	14.17	154.31
2. Other than related parties	1,09,804.23	407.03	1,10,211.26	1,08,872.15	327.27	1,09,199.42
Total	1,09,895.00	416.20	1,10,311.20	1,09,012.29	341.44	1,09,353.73
(7) Investor group-wise classification of all Investments (Current and non-Current Long term) in shares and securities (both quoted and unquoted)						
Category	Market value / Break up or fair value or NAV	Book value (Net of provisions)	Market value / Break up or fair value or NAV	Book value (Net of provisions)		
	31st March 2022		31st March 2021			
1. Related parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	110.43	110.39	87.66	87.62		
(c) Other related parties	-	-	-	-		
2. Other than related parties	2,371.09	2,377.49	2,568.00	2,580.66		
Total	2,481.52	2,487.88	2,655.66	2,668.28		
(8) Other information						
Particulars	Amount		Amount			
(i) Gross Non Performing Assets	5,942.21		5,594.01			
(a) Related parties	-		-			
(b) Other than Related parties	5,942.21		5,594.01			
(ii) Net Non Performing Assets	2,355.20		2,522.83			
(a) Related parties	-		-			
(b) Other than Related parties	2,355.20		2,522.83			
(iii) Assets acquired in satisfaction of debt	-		-			

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
50.2 Balance Sheet disclosures as required under Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit - Taking Company (Reserve Bank) Directions 2016 (₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
1	Capital to Risk (Weighted) Assets Ratio		
	CRAR (%)	21.66	22.52
	CRAR - Tier I Capital (%)	13.74	13.05
	CRAR - Tier II Capital (%)	7.92	9.47
	Amount of Sub-Ordinated debt considered as Tier-II capital	6,519.72	16,202.20
	Amount raised by issue of Perpetual Debt Instruments	-	-
2	Investments		
	Value of Investments		
	Gross Value of Investments		
	In India	2,487.94	2,668.34
	Outside India	-	-
	Provisions for Diminution in value of investments		
	In India	0.06	0.06
	Outside India	-	-
	Net Value of Investments		
	In India	2,487.88	2,668.28
	Outside India	-	-
	Movement of provisions held towards diminution in value of investments		
	Opening balance	0.06	0.06
	Add : Provisions made during the year	-	-
	Less: Write-off / write-back of excess provisions during the year	-	-
	Closing balance	0.06	0.06
3	Derivatives		
	Forward Rate Agreement / Interest Rate Swap	-	-
	Exchange Traded Interest Rate (IR) Derivatives	-	-
	Disclosures on Risk Exposure in Derivatives Qualitative Disclosure:-	-	-
	The Company has no derivatives transactions	-	-
4	Disclosures relating to Securitisation		
	SPV and Minimum Retention Requirements	-	-
	Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	-	-
	Details of Assignment transactions undertaken by NBFCs	-	-
	Details of non-performing financial assets purchased / sold	-	-
	Details of non-performing financial assets purchased	-	-
	Details of Non-performing Financial Assets sold	-	-

NOTES TO THE ACCOUNTS (Contd....)

(₹ Lakhs)

Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2022												
Sl No	Particulars	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	87.46	107.09	296.69	945.27	659.73	2,007.06	2,308.63	2,379.87	-	-	8,791.80
(ii)	Advances	1,316.16	974.93	2,589.64	5,034.36	5,007.01	14,125.03	25,766.70	51,559.65	3,420.27	717.45	110,311.20
(iii)	Investments	-	-	-	-	-	240.05	135.08	1,046.14	514.43	552.18	2,487.88
(iv)	Borrowings	60.17	47.55	397.76	6,106.96	789.02	2,166.92	13,595.67	60,020.66	13,677.60	-	96,862.31
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Asset Liability Management Maturity pattern of certain items of Assets and Liabilities as on 31st March 2021												
Sl No	Particulars	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	120.55	214.61	299.12	473.32	279.86	3,902.83	3,816.16	8,328.95	-	-	17,435.40
(ii)	Advances	1,121.79	830.96	2,290.48	4,321.44	4,273.17	12,406.18	23,540.85	54,996.22	5,098.34	474.30	109,353.73
(iii)	Investments	-	-	-	-	-	-	200.54	1,073.17	613.44	781.13	2,668.28
(iv)	Borrowings	112.53	57.49	1,293.58	2,937.57	976.65	2,759.84	18,062.21	33,780.98	25,501.30	-	85,482.15
(v)	Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
(vi)	Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021															
6	Exposures																	
(i)	Exposure to Real Estate Sector	-	-															
(ii)	Exposure to Capital Market	-	-															
a	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	113.50	90.73															
b	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / 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	113.50	90.73															
(iii)	Details of financing of parent company products	Nil	Nil															
(iv)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	Nil	Nil															
(v)	Unsecured Advances	416.20	341.44															
7	Miscellaneous																	
(i)	Registration obtained from other financial sector regulators	NA	NA															
(ii)	Disclosure of Penalties imposed by RBI and other regulators	-	-															
(iii)	Related Party Transactions - Ref. Note 44																	
(iv)	Ratings assigned by credit rating agencies and migration of ratings during the year																	
	<table border="1"> <thead> <tr> <th>Sl No.</th> <th>Particulars</th> <th>ICRA Ltd</th> </tr> </thead> <tbody> <tr> <td>(i)</td> <td>Deposits</td> <td>(ICRA) MA-Stable</td> </tr> <tr> <td>(ii)</td> <td>Debentures</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iii)</td> <td>Long-Term Borrowings</td> <td>(ICRA) BBB Stable</td> </tr> <tr> <td>(iv)</td> <td>Short-Term Borrowings</td> <td>(ICRA) A2</td> </tr> </tbody> </table>	Sl No.	Particulars	ICRA Ltd	(i)	Deposits	(ICRA) MA-Stable	(ii)	Debentures	(ICRA) BBB Stable	(iii)	Long-Term Borrowings	(ICRA) BBB Stable	(iv)	Short-Term Borrowings	(ICRA) A2		
Sl No.	Particulars	ICRA Ltd																
(i)	Deposits	(ICRA) MA-Stable																
(ii)	Debentures	(ICRA) BBB Stable																
(iii)	Long-Term Borrowings	(ICRA) BBB Stable																
(iv)	Short-Term Borrowings	(ICRA) A2																
	Migration of ratings during the year : NIL																	
(v)	Remuneration of Directors																	
	Ref. Page No. 30 of Corporate Governance Report 2022																	

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
(vi)	Management Ref. Management and Discussion and Analysis Report on Page No. 27		
(vii)	Net Profit or Loss for the period, prior period items and changes in accounting policies	Nil	Nil
8	Other Disclosures		
(i)	Provisions and Contingencies Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss		
a	Provisions for diminution in value of Investment	3.17	3.46
b	Provision towards NPA	878.54	641.18
c	Provision for Standard Assets	-	-
d	Provision made towards Income Tax	340.16	331.65
e	Other Provision and Contingencies (with details)	(4.69)	(23.69)
(ii)	Draw down from Reserves	-	-
(iii)	Concentration of Deposits, Advances, Exposures and NPAs		
a	Concentration of Deposits: Total Deposits of twenty largest depositors	416.06	553.10
	Percentage of Deposits of twenty largest depositors to Total Deposits	4.73%	3.38%
b	Concentration of Advances: Total Advances to twenty largest borrowers	1,398.28	1,613.13
	Percentage of Advances to twenty largest borrowers to Total Advances	1.22%	1.43%
c	Concentration of Exposures: Total Exposure to twenty largest borrowers / customers	860.24	1,052.09
	Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	0.75%	0.93%
d	Concentration of NPAs: Total Exposure to top four NPA accounts	73.50	72.28
e	Sector-wise NPAs	% NPAs to Total Advances in that sector	
(i)	Agriculture & allied activities	1.62%	3.64%
(ii)	MSME – Engineering	-	-
(iii)	Corporate borrowers - Textiles	-	-
(iv)	Services - Others	1.42%	0.92%
(v)	Unsecured personal loans	-	-
(vi)	Auto loans - Transport	6.23%	6.40%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(₹ Lakhs)

Sl No	Particulars	31st March 2022	31st March 2021
f	Movement of NPAs		
(i)	Net NPAs to Net Advances (%)	2.14%	2.30%
(ii)	Movement of NPAs (Gross)		
	Opening balance	5,594.01	4,983.03
	Additions during the year	2,223.89	2,508.70
	Reductions during the year	1,875.69	1,897.72
	Closing balance	5,942.21	5,594.01
(iii)	Movement of Net NPAs		
	Opening balance	2,522.83	2,439.42
	Additions during the year	1,380.13	1,682.19
	Reductions during the year	1,547.76	1,598.78
	Closing balance	2,355.20	2,522.83
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	Opening balance	3,071.18	2,543.61
	Provisions made during the year	843.76	826.51
	Write-off / write-back of excess provisions	327.93	298.94
	Closing balance	3,587.01	3,071.18
(v)	Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	Nil	Nil
(vi)	Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	Nil	Nil
9	Disclosure of Complaints		
a	No. of complaints pending at the beginning of the year	-	-
b	No. of complaints received during the year	4	-
c	No. of complaints redressed during the year	4	-
d	No. of complaints pending at the end of the year	-	-

50.3 Disclosures as required under guidelines on liquidity risk management frame work for NBFCs issued by RBI by notification no. RBI/2019-20/88 DOR.NBFC (PD) CC .No.102/03.10.001/2019-20 dated 4th November 2019.

Public disclosure on Liquidity Risk:

i. Funding concentration based on significant counterparty (both deposits and Borrowings)

Sl No	Type of Instruments	No. of Significant counter parties	Amount (₹ lakhs)	% of total deposits	% of total liabilities
1	Borrowings As at 31st March 2022	4	13,713.00	171.82	12.80
2	Borrowings As at 31st March 2021	6	20,600.00	126.01	19.65

ii. Top 20 Large Deposits (amount ₹ in Lakhs) and % of Total Deposits

Sl No	Descriptions	Amount (₹ lakhs)	% of total deposits
1	Total for Top 20 Large Deposits as at 31st March 2022	416.06	4.73%
2	Total for Top 20 Large Deposits as at 31st March 2021	553.10	3.38%

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
iii. Top 10 Borrowings (amount ₹ in Lakhs) and % of Total Borrowings

(₹ Lakhs)

Sl No	Descriptions	Amount (₹ lakhs)	% of total Borrowings
1	Total for Top 10 Borrowings as at 31st March 2022	15,661.00	15.96%
2	Total for Top 10 Borrowings as at 31st March 2021	23,041.00	23.47%

iv. Funding concentration based on significant instrument / products

Sl No	Name of the Instrument / Products	31st March 2022		31st March 2021	
		Amount (₹ lakhs)	% of total Liabilities	Amount (₹ lakhs)	% of total Liabilities
1	Sub-Ordinate Debts	26,425.51	24.66%	25,226.16	24.12%
2	Non-Convertible Debentures - Public Issue (Unsecured)	11,640.38	10.86%	6,460.97	6.18%
3	Fixed Deposits	8,791.80	8.21%	17,435.40	16.67%
4	Non-Convertible Debentures - Public Issue (Secured)	30,836.75	28.78%	16,938.78	16.20%
5	Non-Convertible Debentures - Private placement	10,903.69	10.18%	11,954.83	11.43%
6	Preference Shares	1,490.29	1.39%	1,842.25	1.76%
	Total	90,088.42	84.08%	79,858.39	76.36%

v. Stock Ratios:
a. Commercial Papers as a % of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2022		31st March 2021	
		Amount (₹ lakhs)	% of total deposits	Amount (₹ lakhs)	% of total deposits
1	Commercial Paper Outstanding	NA	NA	NA	NA
2	% to Total Public Funds	-	-	-	-
3	% to Total Liabilities	-	-	-	-
4	% to Total Public Assets	-	-	-	-

b. Non-Convertible Debentures (on maturities of less than 1 year) as a percentage of Total Public Funds, total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2022	31st March 2021
1	Non-Convertible Debentures (on maturities of less than 1 year)	-	-
2	% to Total Public Funds	-	-
3	% to Total Liabilities	-	-
4	% to Total Assets	-	-

c. Other Short term Liabilities, if any as a percentage of Total Public Funds, Total Liabilities and Total Assets

Sl No	Name of the Instrument / Products	31st March 2022	31st March 2021
1	Other Short term Liabilities	10,514.13	14,565.05
2	% to Total Public Funds	-	-
3	% to Total Liabilities	9.81%	13.93%
4	% to Total Assets	8.28%	11.77%

vi. Institutional set-up of liquidity risk management

The Board of Directors of the Company have an overall responsibility for the management of all types of risks, including liquidity risk, to which the Company is exposed in the normal course of its business. Further, the Board of Directors have constituted a Risk Management Committee ("RMC"), as mandated by RBI, for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company. The meetings of RMC are presently held as may be necessary, Moreover, the Board of Directors have also constituted

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

an Asset Liability Committee ("ALCO"), for the management of the Company's short and long-term funding and meeting liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and surplus, accessing undrawn bank facilities and obtaining funding from various other sources, as may be feasible. ALCO provides guidance and direction in terms of interest rate, liquidity, funding sources etc. ALCO meetings are held as may be required, The minutes of ALCO meetings are placed before the Board of Directors at their next meeting for their perusal / approval / ratification.

Definition of terms as used in the table above:

a) Significant counter party:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product 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 HOLAS 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:

$$\text{LCR} = \text{Stock of High-Quality Liquid Assets ("HQLAs")} / \text{Total Net Cash Outflows over the next 30 calendar days}$$

HQLAs consist of Cash (would mean cash on hand and demand deposits with Scheduled Commercial Banks), Investment in Central and State Government Securities, and highly-rated Corporate Bonds and Commercial papers, including those of Public Sector Enterprises, as adjusted after assigning the haircuts as prescribed by RBI.

Total net cash outflows are arrived after taking into consideration total expected cash outflows minus total expected cash inflows for the subsequent 30 calendar days.

As prescribed by RBI, total net cash outflows over the next 30 days = Stressed Outflows [Min (stressed inflows; 75% of stressed outflows)]. Total expected cash outflows (stressed outflows) are calculated by multiplying the outstanding balances of various categories or types of liabilities and off-balance sheet commitments by 115% (15% being the rate at which they are expected to run off further or be drawn down). Total expected cash inflows (stressed inflows) are calculated by multiplying the outstanding balances of various categories of contractual receivables by 75% (25% being the rate at which they are expected to under-flow).

The Liquidity Risk Management framework of the Company is governed by its Liquidity Risk Management Policy and Procedures approved by the Board. The Asset Liability Management ("ALM") Committee oversee the implementation of liquidity risk management strategy of the Company and ensure adherence to the risk tolerance/limits set by the Board.

The Company maintains a robust funding profile with no undue concentration of funding sources. In order to ensure a diversified borrowing mix, concentration of borrowing through various sources is monitored. Further, the Company has 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 ALCO.

Major source of borrowings for the Company are Non-Convertible Debentures, Term loans from Banks, and Public deposits. Details of funding concentration from Significant counter party are given in Note 50 (3)

NOTES TO THE ACCOUNTS (Contd....)
For the year ended 31st March 2022

(₹ Lakhs)

S. No.	Particulars	Apr-Jun 2021		Jul - Sep 2021		Oct-Dec 2021		Jan - Mar 2022		Jan - Mar 2021	
		Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)	Unweighted Value (Average)	Weighted Value (Average)
1	High Quality Liquid Assets										
	Total High Quality Liquid Assets (HQLA)	3,632.54	3,118.94	9,881.39	9,367.79	3,412.49	2,898.89	3,361.89	2,888.29	-	3,354.38
	Cash Outflows:										
2	Deposits (for deposit taking companies)	682.74	785.15	1,635.64	1,880.99	1,276.50	1,467.97	627.71	721.87	1,153.12	1,326.09
3	Unsecured wholesale funding	36.37	41.83	35.62	40.96	27.59	31.73	21.57	24.80	46.53	53.51
4	Secured funding	1,483.67	1,706.22	1,180.05	1,357.05	677.07	778.64	534.00	614.11	900.10	1,035.12
5	Additional requirements, of which										
(i)	Outflows related to derivative exposure and other collateral requirements	-	-	-	-	-	-	-	-	-	-
(ii)	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-
(iii)	Credit and liquidity facilities	629.15	723.52	853.91	982.00	415.39	477.70	619.63	712.57	687.14	790.20
6	Other contractual funding obligations	221.67	254.92	-	-	-	-	-	-	-	-
7	Other contingent funding obligations	-	-	-	-	-	-	-	-	-	-
8	TOTAL CASH OUTFLOWS	3,053.60	3,511.64	3,705.22	4,261.00	2,396.55	2,756.04	1,802.91	2,073.35	2,786.89	3,204.92
	Cash Inflows:										
9	Secured Lending	4,644.86	3,483.65	5,010.88	3,758.16	5,504.50	4,128.38	5,254.72	3,941.04	5,053.21	3,789.91
10	Inflows from fully performing exposures	-	-	-	-	-	-	-	-	-	-
11	Other cash inflows	-	-	7,200.00	5,400.00	5,716.66	4,287.50	3,600.00	2,700.00	-	-
12	TOTAL CASH INFLOWS	4,644.86	3,483.65	12,210.88	9,158.16	11,221.16	8,415.88	8,854.72	6,641.04	5,053.21	3,789.91
13	TOTAL HQLA		3,118.94		9,367.79		2,898.89		2,888.29		3,354.38
14	TOTAL NET CASH OUTFLOWS		877.91		1,065.25		689.01		518.34		801.23
15	LIQUIDITY COVERAGE RATIO (%)		355.27%		879.40%		420.73%		557.22%		418.65%
	Components of HQLA										
	- Cash on Hand		341.07		249.26		300.02		310.28		416.81
	- Balances with Banks		723.47		7,064.13		544.48		683.61		883.17
	- Government Securities		2,568.00		2,568.00		2,568.00		2,368.00		2,054.40
	- Commercial Paper		-		-		-		-		-
	TOTAL		3,632.54		9,881.39		3,412.50		3,361.89		3,354.38

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

50.4 In terms of RBI Circular No. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 in relation to the Resolution Framework for COVID-19-related Stress, disclosure as follows:

(₹ Lakhs)

Type of Borrowers	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year	Of such accounts, aggregate debt that slipped into NPA during the half-year	Of such accounts amount written off during the half-year	Of such accounts amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	695.26	94.31	-	209.72	391.23
Corporate Loans*	-	-	-	-	-
Of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	695.26	94.31	-	209.72	391.23

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022
50.5 Disclosure as required under RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No .109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards
A comparison between provisions required under extant prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) and impairment allowances made under Ind AS 109
For the year 31st March 2022

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
Sub-Total		1,08,880.26	574.32	1,08,305.94	435.52	138.80
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,905.11	397.72	1,507.39	267.39	130.33
Doubtful - up to 1 year	Stage 3	1,095.91	700.65	395.26	521.22	179.43
1 to 3 years	Stage 3	297.37	194.76	102.61	154.60	40.16
More than 3 years	Stage 3	-	-	-	-	-
Sub-Total for doubtful assets		1,393.28	895.41	497.87	675.82	219.59
Loss	Stage 3	2,643.82	2,643.82	-	2,643.82	-
Sub-Total for NPA		5,942.21	3,936.95	2,005.26	3,587.03	349.92
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	-	-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	99,679.78	478.79	99,200.99	398.72	80.07
	Stage 2	9,200.48	95.53	9,104.95	36.80	58.73
	Stage 3	5,942.21	3,936.95	2,005.26	3,587.03	349.92
	Total	1,14,822.47	4,511.27	1,10,311.20	4,022.55	488.72

Note : In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020 on Implementation of Indian Accounting Standards, Non-Banking Finance Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). The 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 2022 and accordingly, no amount is required to be transferred to impairment reserve.

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

For the year 31st March 2021

(₹ Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
Sub-Total		1,07,392.45	427.65	1,06,964.80	429.57	(1.92)
Non-Performing Assets (NPA)						
Substandard	Stage 3	2,384.58	556.70	1,827.88	335.43	221.27
Doubtful - up to 1 year	Stage 3	757.47	469.67	287.80	385.76	83.91
1 to 3 years	Stage 3	85.62	19.06	66.56	22.17	(3.11)
More than 3 years	Stage 3	53.69	6.75	46.94	15.17	(8.42)
Sub-Total for doubtful assets		896.78	495.48	401.30	423.10	72.38
Loss	Stage 3	2,312.65	2,152.90	159.75	2,312.65	(159.75)
Sub-Total for NPA		5,594.01	3,205.08	2,388.93	3,071.18	133.90
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	-	-	-	-	-	-
Sub-Total		-	-	-	-	-
Total	Stage 1	97,136.73	130.73	97,006.00	388.55	(257.82)
	Stage 2	10,255.72	296.92	9,958.80	41.02	255.90
	Stage 3	5,594.01	3,205.08	2,388.93	3,071.18	133.90
	Total	1,12,986.46	3,632.73	1,09,353.73	3,500.75	131.98

50.6 The Company commenced the process for implementing the RBI Direction as per clause 13 of the harmonising circular dt 12th November 2021 with regard to the concepts of date of overdue, SMA and NPA classification and upgradation with specific reference to day end process for compliance for applicable for period beyond 31st March 2022.

51. Disclosure under clause 34(3) and 53(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	31st March 2022	31st March 2021
a) Loans and advances in the nature of loans to subsidiaries	-	-
Name of the Company	-	-
Amount	-	-
b) Loans and advances in the nature of loans to associates		
Name of the Company	-	-
Amount	-	-
c) Loans and advances in the nature of loans to firms/companies in which directors are interested		
Sakthi Foundation	81.76	121.18
Suddha Sanmarga Nilayam	9.01	18.96
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.		

NOTES FORMING AN INTEGRAL PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

52. Disclosure under clause 53(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Debentures are secured by way of a first and pari passu mortgage in favour of the Security Trustee on the Company's Office at 'GDA House', First Floor, Plot No.85, Bhusari Colony (Right), Paud Road, Pune.

53. Public Issue of Secured, Redeemable, Non-Convertible Debentures for ₹ 10,000 lakh

During April 2022, the Company made a Public Issue of Secured, Redeemable, Non-Convertible Debentures ("NCDs") of ₹ 1,000 each for an amount not exceeding ₹ 5,000 lakh, with an option to retain over-subscription for an amount not exceeding ₹ 5,000 lakh, aggregating ₹ 10,000 lakhs. The NCD issue opened on 11th April 2022 and closed early on 25th April 2022, as against the scheduled closure date of 5th May 2022. The Company received a valid subscription for ₹ 10,852.48 lakh. The Company made allotment of 10,00,000 NCDs aggregating ₹ 10,000 lakh to the eligible allottees on 29th April 2022. The NCDs have been listed and admitted for trading with BSE Limited with effect from 4th May 2022. The entire proceeds of the NCD issue are being utilized for the objects stated in the NCD Prospectus.

54. Disclosure under Code on Social Security, 2020

The Code on Social Security, 2020 (the Code) has been enacted, which would impact contribution by the Company towards Provident Fund and Gratuity. The effective date from which changes are applicable is yet to be notified and the rules thereunder are yet to be announced. The actual impact on account of this change will be evaluated and accounted for when notification becomes effective.

55. The Company does not fall under the definition of large corporate as per SEBI Circular SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018 and as such furnishing of necessary disclosures does not arise.

56. Ministry of Corporate Affairs (MCA) vide notification G.S.R. 207(E) dated 24th March 2021 have notified Amendments which are applicable from 1st April 2021, which require elaborate disclosures to various Financial Statement Line Items. The company will evaluate and make the disclosures from subsequent year.

57. There have been no events after the reporting date that require disclosure in these Financial Statements. However, the Board of Directors of the Company have recommended a dividend of 6% being ₹ 0.60 per share on the equity shares of the Company for the year ended 31st March 2022 (₹ 0.60 per share - 31st March 2021) which is subject to approval of shareholders. The proposed dividend has not been recognised in the books in accordance with IND AS 10.

58. No fraud by the Company or on the Company has been noticed or reported during the Financial Year 2021-22.

59. Previous year figures have been regrouped, reclassified and rearranged, wherever necessary, to conform to current year presentation.

As per our report attached
 For CSK Prabhu & Co.,
 Chartered Accountants
 Firm Regn. No. : 0024855

CSK PRABHU
 Partner
 Membership No. 019811

Coimbatore
 24th May 2022

M. BALASUBRAMANIAM
 Vice Chairman and Managing Director
 DIN : 00377053

S. VENKATESH
 Company Secretary and
 Chief Compliance Officer
 FCS 7012

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	
TAMILNADU						
Coimbatore Main	641 018	62, Dr.Nanjappa Road	0422	2231915	0422	2231471
Coimbatore South	641 045	1776 Trichy Road, Olampus, Ramanathapuram			0422	2318900
Chennai-1	600 004	Raja Rajeswari Towers, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Chennai-2	600 004	Raja Rajeswari Towers, First Floor, No.29 & 30, Dr Radhakrishnan Salai, Mylapore			044	28114286
Dharmapuri	636 701	No.117/11Q, First Floor, Nethaji Bye-pass Road, Opp. Govt. Medical College Hospital			04342	270888
Dindigul	624 001	No.67/3, Nehruji Nagar, 80 Feet Road, Opp:SBI ATM			0451	2441121
Erode	638 003	Sakthi Sugars Building, 122, Veerabadra Road			0424	2222209
Hosur	635 109	Sri Krishna Towers, First Floor, Krishnagiri Bye Pass Road			04344	241142
Kallakurichi	606 202	Gopuram Towers, Second Floor, 59/5, Durgam Road			04151	223567
Kanchipuram	631 501	14/69, Opp. Santhana Krishna Silk Street, Ground Floor, Mettu Street			044	27231677
Karaikudi	630 002	45, First Floor, Subramaniapuram, 4th Street South			04565	227204
Kumbakonam	612 001	Anna Ice Cream Building, No.1-E, Second Floor, Dr. Besant Road			0435	2430096
Madurai	625 020	757, West Main Road, Anna Nagar			0452	2535585
Mettupalayam	641 301	Sundaram Type Office Complex, 41/1-A Annur Main Road			04254	224686
Nagercoil	629 001	No. 93/1A, Sarguna Veethi, Chettikulam Junction			04652	222008
Namakkal	637 001	First Floor, Annai Palaniammal Plaza, 3A, Salem Road, Opp. Old RTO Office			04286	275125
Perambalur	621 212	No.71, Second Floor, Deenadayalan Commercial Complex, Trichy Road, Venkatesapuram			04328	225570
Pollachi	642 001	No.33, First Floor, Coimbatore Main Road, Near Ramanathan Medicals			04259	225004
Sakthi Nagar	638 315	Sakthi Nagar, Bhavani Taluk			04256	246238
Salem	636 004	215/4, Abiroopa Towers, Second Floor, Kuruvangu Chavadi, Omalaur Main Road			0427	2448840
Sankagiri	637 301	No.1/14/18. D6 F, Settia Gounder Complex-C, Bhavani Main Road			0428	3240270
Sivakasi	626 123	100/A4, First Floor, Marutham Hotel Upstairs, Opp. Bell Hotel, Thiruthangal Road			04562	227226
Srirangam	620 006	AMP Towers, 2371/6 Panjalarai Road, Near Srees Hotel			0431	2231181
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	2502989
Tirupur	641 602	No.15, First Floor, Ganga Nagar, First Street, Avinashi Road, Banglow Stop			0421	2242511
Trichy	620 018	174, 10th Cross West, Thillai Nagar			0431	2741959
Tuticorin	628 003	138, Ground Floor, Palayamkottai Road, AVM Hospital Building, Near REPCO Bank			0461	2323977
Vellore	632 006	No. 97, Second Floor, First West Main Road, Gandhi Nagar			0416	2243653
Puducherry	605 011	No. 94, Kamaraj Salai, Opp. Jeeva Rukmani Theatre			0413	2213786
KERALA						
Alapuzha	688 011	1st Floor, Ratna Arcade, Amman Kovil Street, Mullackal			0477	2260111
Ernakulam	682 016	New No.: 61/3537 (Old No: 61/3633-C), Second Floor, S.A. Road, Valanjambalam			0484	2357359
Kanhangad	671 315	Door No.KM/1353/Ward I/B5/B6, Brother's Buildings, Second Floor Main Road, Near LIC Office			0467	2201102
Kannur	670 002	SB-5/1102/E, Ennes Enclave, (Near Ashoka Hospital), South Bazaar			0497	2703223
Kottayam	686 601	No.1x572/E, Madappalli Building, Sastri Road			0481	2564167
Kozhikode	673 004	5/2248-D, Indira Gandhi Road, Noble Building	0495	2720414	0495	2723699
Manjeri	676 121	Kurikkal Plaza, Opp. Court Complex, Kacheripadi			0483	2767468
Muvattupuzha	686 673	Door No.XXIII/392, 392(A), NH 49, Kottayil Buildings, Velloorkunnam, Market PO			0485	2812465
Pala	686 575	Vettipuzhichalil House, Century VEE TEE Arcade, Ward No.18, Building No.303(4), Kottaramattam			04822	210930
Palakkad	678 007	12/872, First Floor, KAV Central, Chandranagar Post			0491	2573232
Pathanamthitta	689 645	PMC IX /1128, 13(E), First Floor, Aban Arcade, Ring Road, Near Bus Stand			0468	2224300
Thrissur	680 001	DAZE Towers, Second Floor, Marar Road			0487	2440294
Vadakara	673 101	No.20/59 A-11, Building No. 20/69, Second Floor, Sri Gokulam Towers, Link Road			0496	2515632
KARNATAKA						
Bengaluru	560 001	No.206, Second Floor, Blue Cross Chamber, No. 11, Infantry Road Cross			080	25583365
JP Nagar, Bengaluru	560 078	No.57-132-4, 2nd Cross, Seventh Main, KSRTC Layout, 2nd Phase, JP Nagar			080	26583364
Mangaluru	575 002	No.205, Second Floor, Mangalore Gate, Near Kankanady Bye-pass Road			0824	2434811
MAHARASHTRA						
Mumbai	400 021	1012, Dalamal Towers, 211, Nariman Point			022	22830942
ANDHRA PRADESH						
Rajahmundry	533 103	79-16-12/2, Third Floor, E & S Reddy Complex, Tilak Road, Behind Aryapuram Co-op Urban Bank, Opp: Saibaba Temple			0883	2433934
Vijayawada	520 008	No.59-14-5, 5th Floor, BSR Plaza, NH - 5, Opp. Stella College, Ring Road, Gayathri Nagar			0866	2476333
Visakhapatnam	530 016	No.47-3-7, Roshni Palace, 1st Floor, G-4, Nehru Bazar Road, 5th Lane, Dwarakanagar	0891	2550060	0891	2550060
NEW DELHI						
	110 057	No.149, Vasant Enclave			011	26141165

